



**Scott-Moncrieff**  
business advisers and accountants

**HORSECROSS ARTS LIMITED**

*Company Number SC301328*

*Charity Registration Number SC022400*

**Trustees' Report and Consolidated Financial Statements**

**For the year ended 31 March 2015**

**HORSECROSS ARTS LIMITED**  
**Trustees' Report and Consolidated Financial Statements**  
**for the year ended 31 March 2015**

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## HORSECROSS ARTS LIMITED

### Legal and Administrative Information

The Trustees present their report and the audited financial statements for the year ended 31 March 2015. This report has been prepared in accordance with current statutory requirements applicable to charities.

#### Reference and Administrative Information

**Company Number** SC301328

**Charity number** SC022400

#### Trustees (and Directors)

*At the date of this report:*

Dr Magnus Linklater CBE (Chair)

Lady Georgina Bullough

Jason Elles

Patrick Elsmie

Charles Kinnoull (appointed 24 April 2014)

Alan Strachan

Cllr Henry Anderson (Perth & Kinross Council nominee)

Cllr Ann Gaunt (Perth & Kinross Council nominee)

Cllr 'Mac' Roberts (Perth & Kinross Council nominee)

*During the period*

Lesley Thomson (resigned 1 May 2015)

#### Secretary

Graeme Wallace

#### Senior management team

Gwilym Gibbons

Graeme Wallace

Wendy Niblock

Chief Executive

Director of Planning and Resources

Director of Marketing and Communications

#### Registered Office

Perth Concert Hall

Mill Street

Perth

PH1 5HZ

#### Auditor

Scott-Moncrieff

Exchange Place 3

Semple Street

Edinburgh

EH3 8BL

#### Solicitors

Lindsays LLP

Caledonian Exchange

19A Canning Street

Edinburgh

EH3 8HE

#### Bankers

Bank of Scotland

Broxden House

Lamberkine Drive

Perth

PH1 1RA

## HORSECROSS ARTS LIMITED

### Trustees' Annual Report

for the year ended 31 March 2015

The trustees, who are also the directors for Companies Act purposes, are pleased to present their annual report and accounts for the year ended 31 March 2015.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charity's Articles of Association, s.419(2) of the Companies Act 2006, "Small Companies' Regime" and with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in 2005.

The period covered by this annual report has been one of stabilisation, consolidation and renewal of purpose at Horsecross Arts. The board is extremely pleased to report an operating surplus for 2014-15 with Gwilym Gibbons, our new chief executive, firmly in place to lead the operation through the next phase of its development.

#### **Structure, governance and management**

##### *- Structure*

Horsecross Arts Limited ("Horsecross Arts") was incorporated on 25 April 2006 as a company limited by guarantee not having a share capital. Following an Extraordinary Members' Meeting in March 2013, new Articles of Association were adopted whereby Perth & Kinross Council became the sole member of the company. The Articles were last amended by a member's special resolution dated 14 October 2013.

A board of up to twelve individuals, acting in a voluntary capacity, carry fiduciary responsibility for safeguarding the assets of the charity, as trustees and directors. Perth & Kinross Council has the power under the Articles to nominate up to three Elected Members of the Council for appointment to the board.

##### *- Current governance arrangements*

Following amendment to the Articles in October 2013, Perth & Kinross Council has powers of appointment and removal of all directors, as well as the power to appoint and remove the Chair of the board. The foregoing powers are only to be exercised by Perth & Kinross Council in exceptional circumstances, in accordance with a Memorandum of Understanding which sets out the terms of the arm's length relationship between the council and the charity. OSCR has been consulted on the arrangements.

The board meets up to six times a year. Observers from Perth & Kinross Council and Creative Scotland are invited to, and receive papers for, all board meetings.

Working sub-groups may be convened from time to time, in accordance with the Articles, to deal with matters reserved to the board. Currently there are three sub-groups covering: financial and other resource planning, artistic policy and direction, catering operations.

##### *- Trustee selection, induction and training*

New trustees receive briefing materials covering their legal obligations under charity and company law, including OSCR's published guidance on trustee responsibilities. They are provided with a copy of the Articles of Association, the business plan and recent financial performance of the charity. Arrangements are made to introduce new trustees to key employees and other trustees as soon as practicable after their appointment.

##### *- Operational management*

The day-to-day running of the charity is delegated to a Chief Executive, supported by an extended management team.

##### *Sources of finance*

Core funding is provided through grants and service level agreements with Perth and Kinross Council. Horsecross Arts also receives regular revenue funding from Creative Scotland. The Creative Scotland regular funding agreement was renewed during the year, but at a significantly lower level for the three year period from 2015-16 to 2017-18, during which time Perth Theatre will remain closed while it undergoes re-development.

As well as its primary purpose charitable trading and other activities for generating funds, the charity carries on a catering business through its wholly owned subsidiary, Perth Theatre Catering Services Limited, whose results are consolidated with those of the charity in the accounts.

**HORSECROSS ARTS LIMITED**  
**Trustees' Annual Report (continued)**  
**for the year ended 31 March 2015**

- *Risk management*

The main risks, to which the charity is exposed, as identified by the trustees, are reviewed periodically throughout the year. The trustees seek to put in place effective measures to manage those risks.

The risk register was last reviewed by the board on 11 May 2015. The board has identified control measures and specific actions required to mitigate the critical risks identified and is satisfied that those measures, once implemented, will reduce the potential impact of the critical risks to manageable levels.

**Objectives and activities**

The objects of the company are recognised as being charitable in purpose and are set out in the Articles of Association. They are:

- (1) To advance education by the encouragement of the performing arts by means of production, presentation, collection, exhibition, collaboration, education and training in performing arts; and
- (2) To run arts development and arts education programmes in theatre, music and new media public art in Perth and elsewhere which will promote and encourage creativity, skills development, social and personal development, social inclusion and lifelong learning but only as long as such activities are regarded as charitable in law.

The trustees confirm they have complied with section 4 of the Charities Act 2006, having given due regard to the guidance in relation to public benefit. The trustees are content that the various community programmes which Horsecross Arts runs at subsidy and an accessible policy in regard to ticket pricing demonstrate that Horsecross Arts satisfies the public benefit criteria for charitable status.

- *Main aims & strategies for their achievement*

Horsecross Arts uses core funding to support the delivery of creative learning and community outreach activities for people of all ages and backgrounds and a diverse, year-round programme of high quality theatre, music and comedy events which appeal to a broad spectrum of tastes and interests.

The over-riding aim is to make a substantial positive difference to the cultural life of the city of Perth and its outlying areas, as well as to contribute a positive economic impact, provide amenity to people who live and work in Perth and maintain an attractive cultural offer in support of long-term ambitions to build on Perth's appeal as a tourist destination.

Project funding is used to further enhance the organisation's capacity to engage people of all ages and backgrounds in creative expression. Details of projects funded with special grants and donations during the year are set out in note 17 to the financial statements.

Perth Concert Hall is a multi-purpose facility. As well as hosting performances by visiting artists and touring companies from all over the world, the facilities are also offered to local schools' and other amateur performing societies, public and third sector organisations, national trade associations, businesses and other corporate bodies looking for high quality conference facilities and meeting spaces. The revenues from this strand of activity, together with event-related and public catering, are used to support Horsecross Arts' primary charitable purposes.

**Achievements and performance**

The board's main priority during the year was to return the organisation to stability following a period of significant financial pressure and major change at board and senior management level.

In an operating period during which Perth Theatre was de-commissioned in anticipation of a major refurbishment project, the board is pleased to have overseen the successful continuation of a full and broad-ranging cultural and creative learning programme at Perth Concert Hall, and further afield, and the achievement of a financial surplus.

## HORSECROSS ARTS LIMITED

### Trustees' Annual Report (continued)

for the year ended 31 March 2015

#### Cultural programme

In the year to 31 March 2015 we attracted total audiences of 112,500 (2014 – 115,600) to a total of 286 (2014-328) performances presented across a broad range of programming strands at Perth Concert Hall and at other venues, locally and on tour across Scotland. Looking at each of our main creative strands, the highlights of another busy year are summarised in the sections that follow.

##### - *Classical music*

The Perth Concert Series remained at the core of our classical programme, featuring performances of major composer works by the SCO, the BBCSSO and the RSNO. We also presented work by Hebrides Ensemble and the Scottish Ensemble and hosted successful performances by Perth Symphony Orchestra and Perth Choral Society, as well as welcoming ensembles from the National Youth Orchestras of Scotland and the National Youth Choir of Scotland.

In April 2014 we were thrilled to present the world premiere of James MacMillan's *The Rumoured Seed* performed by the King's Singers, a performance which attracted a 5-star review in *The Herald* and continued our close relationship with Scotland's leading composer.

We continued our Perth Piano Sunday afternoon concerts throughout the year with performances by Denis Kozhukhin, Alasdair Beatson and Steven Osborne, amongst others, as well as featuring James Baillieu in three concerts broadcast by BBC Radio 3. Our popular one hour lunchtime concerts also continued, including performances from Hebrides Ensemble and SCO.

Early Music featured strongly with visits from Gramophone Award Winners Vox Luminis and performances of Handel's *Messiah* and Bach's *St Matthew Passion* by fellow Gramophone Award Winners Dunedin Consort. English Touring Opera brought their acclaimed production of Mozart's *Magic Flute* to Perth Concert Hall as part of the Perth International Festival of the Arts in May 2014, a performance complemented in January 2015 by a well-received semi-staged version of Mozart's *The Marriage of Figaro* by the Royal Conservatoire of Scotland.

##### - *Non-classical music, comedy, family shows and variety acts*

Despite on-going financial constraints, we managed to offer a few experimental events alongside a contemporary programme with strong popular appeal. The former included the sumptuous *King Of Ghosts* featuring sarod player Soumik Dalta and the Scottish Chamber Orchestra, guitarist Graeme Stephen's live soundtrack to the original vampire movie *Nosferatu*, and a superb performance of their acclaimed Fringe show by avant-garde Perthshire duo *Pumajaw*.

The mainstream programme included visits from the *Ultimate Eagles*, *Snow White On Ice*, *Strictly Come Dancing's* Brendan Cole, the *Simon and Garfunkel Story*, *10cc*, Joan Armatrading and Kate Rusby amongst others. Our comedy strand was exceptionally strong with Billy Connolly, Sarah Millican, Alan Davies, Ross Noble, Omid Djalili, Jimmy Carr, Dylan Moran, Alan Carr and Stewart Lee making for a high profile and eclectic line-up.

Traditional music remained a key part of our programme with local fiddler Patsy Reid filling the Norie Miller Studio and Dougie MacLean's *Perthshire Amber* festival extended over two well-attended shows in the Concert Hall. Likewise, the Scottish Fiddle Orchestra and Phil Cunningham's *Christmas Songbook* are now firmly established as annual fixtures. In August 2014, Ian McCalman's *Far, Far From Ypres* powerfully commemorated the 100th anniversary of the outbreak of the Great War.

The *Red Hot Chilli Pipers* produced a great night as part of the Ryder Cup weekend programme, put together with support from Perth & Kinross Council. That event, and shows with *The Springsteen Sessions* and *Big Country*, afforded another opportunity to present local artists on the big stage, with *Mad Ferret*, *The New Madrids* and *The Holy Ghosts* opening the shows. Performances by other local artists included two memorable nights in February 2015 with Lesley Mackie and Alex Yellowlees in *An Evening in Paris*, followed by a very well-attended show from local country rockers *Red Pine Timber Company*.

Our seventh *Southern Fried Festival* featured an outdoor stage programme for the first time, made possible with support from Perth & Kinross Council. We were extremely gratified that the quality of the line-up

**HORSECROSS ARTS LIMITED**  
**Trustees' Annual Report (continued)**  
**for the year ended 31 March 2015**

(headlined by Buffy Sainte-Marie, Rosanne Cash and Steve Earle on consecutive nights), and the positive experience of festival-goers, was recognised at the Scottish Event Awards in October 2014, where *Southern Fried* gained the *Best Small Festival* award.

- **Drama**

With the de-commissioning of Perth Theatre in preparation for an extended redevelopment period, a reduced scope theatre programme re-located to Perth Concert Hall, other venues in Perth and further afield.

Prior to its temporary shutdown, a number of final performances were hosted in the front of house and studio spaces of the theatre, including the premieres of *Face* by Peter Arnott and *Jacquoranda* by Alan Bissett. After short runs in Perth, these two companion piece monologues toured to pubs, hotels and other small venues across Perthshire under the *Cross-Country Stories* banner in the late spring of 2014.

The lack of a theatre did not prevent us from continuing to produce new drama or from bringing a range of interesting touring theatre work to Perth. In November 2014 we produced and presented *The Fundraiser*, by Lesley Hart, at Perth's historic Salutation Hotel and, in the spring of 2015, we toured to venues across Scotland with *And the Beat Goes On* by Stef Smith, co-produced in association with Random Accomplice.

With Perth Theatre closed, our traditional panto for 2014, *Sleeping Beauty*, transferred to Perth Concert Hall for a well-received fortnight's run of performances leading up to and including Boxing Day. We will continue to present our seasonal panto at Perth Concert Hall while Perth Theatre undergoes redevelopment.

- **Contemporary Visual Arts**

The main exhibitions mounted during the period in our *Threshold artspace* at Perth Concert Hall were:

***Pac-Man at Large*** | Theresa Pickles, curated by Iliyana Nedkova

***COLLECTIONS VII*** | Works by Scottish artists, curated by Iliyana Nedkova

***In Focus*** | Katrina McPherson and Simon Fildes

New commission by Horsecross Arts in collaboration with the Centre for Mountain Studies at Perth College and The University of the Highlands and Islands, with support from Creative Scotland, Scottish Natural Heritage, PRS for Music Foundation, Creative Futures Place Partnerships Perth and Kinross and Perth & Kinross Council.

***Old is the New Young*** | New works by Scottish and international artists

Produced by the artists and Horsecross Arts in partnership with Luminare: Scotland's Creative Ageing Festival, with support from Drake Music Scotland, Perth Museum and Arts Gallery.

***Old Favourites*** | Selected works from the Horsecross Arts collection of contemporary arts, curated by Iliyana Nedkova

**Creative Learning**

Our *Join In* and other schools and community-based programmes cover a wide range of creating learning activities for children and young people, as well as for adults.

We work in nurseries with early years' groups, as well as with students at all stages of primary, secondary and further education at schools and colleges in and around Perth. We have also been pioneering innovative arts education work with young people with autism.

The emphasis across all of our creative learning and community outreach work is on talent development and on helping young people, in particular, to build their self-confidence and attain proficiency in performance skills, theatre craft and creative practice and to allow them to explore possible career options in the creative industries.

## HORSECROSS ARTS LIMITED

### Trustees' Annual Report (continued)

for the year ended 31 March 2015

We also seek to encourage people from all sections of the community and of all ages to take part for pure enjoyment, offering them access to the life-enhancing and social benefits that are reckoned increasingly to flow from participation in expressive arts activity, regardless of technical proficiency or aptitude.

Group sessions are generally delivered within a structured time-table across the year by professional tutors who are also skilled creative practitioners, or performers, in their own right. Our activities encompass our long-established and pioneering youth theatre groups, contemporary and street dance, and instrumental music, group and solo singing, with a particular emphasis on traditional Scottish and Gaelic forms.

A good deal of our creative learning activity is only made possible with the generous support of a wide range of funders and project partners for whose grants and other contributions we are extremely grateful. Further details of special project funds received and used during the year from trusts, public bodies and other grant-givers are given in note 17 to the financial statements.

#### Conferencing and catering trading operations

The primary business objective for conferencing and catering was to deliver a financial contribution in support of our primary charitable purposes.

Our conferencing and events business turnover for the year was £216.6k (2014 – £227.2k). The relative drop in turnover reflects a reduction in the number of conferences lasting for more than a single day compared to the previous year, indicative of a cyclical factor in booking patterns rather than a trend.

A detailed review of our catering business led to the implementation of a range of business improvement measures and the re-launch of our Glass Rooms café offer at Perth Concert Hall in Spring 2014. The board is pleased to report that management's efforts, with the support of the Catering sub-group, in re-shaping the catering subsidiary operation, have been rewarded by the achievement of an operating profit of £47.6k for the year.

#### Fund-raising

The board extends grateful thanks to all those individuals, trusts and corporate supporters who have contributed funds to a range of projects and general activities carried on at Perth Concert Hall and in the community during the year. Note 17 to the accounts gives details of the special projects we have been able to undertake with that support.

Special mention is due to Grassicks of Perth for its generous sponsorship of *Sleeping Beauty*, our first seasonal panto presentation at Perth Concert Hall - a commitment which generated Arts & Business matched funding.

There was obvious disappointment at the 30% cut made in our regular funding settlement from Creative Scotland, reflective of the temporary closure of Perth Theatre for major re-development during the period from 2015-16 to 2017-18. However, the board was delighted to receive final confirmation of Creative Scotland's Capital Lottery grant award of £2m towards the theatre re-development project - an award made jointly to Horsecross Arts and Perth & Kinross Council.

The in-house fund-raising and development team is being expanded in 2015-16 to build on and maintain the good progress made in 2014-15 through an on-going transition period, looking ahead to the re-opening of a redeveloped Perth Theatre in 2017-18.

#### Financial review

The year has seen a period of organisational stabilisation and re-purposing under the guidance of the board and an Interim Chief Executive who handed over to a new permanent Chief Executive, Gwilym Gibbons, in January 2015.

Total incoming group resources for the year were £4.080 million (2014 - £4.635 million) including restricted fund income of £196.3k (2014 - £143.0k). (Prior year incoming resources also include special grant assistance of £367k from Perth & Kinross Council which was included in general funds.)

The group operating surplus on general fund activities was £102.2k (2014 - £217.8k) after expenditure of £3.785 million (2013 - £4.128 million) and incoming fund transfers of £3.5k (2014 – £3.5k). (Prior year expenditure included exceptional costs of £152.4k). Group net assets at 31 March 2015 were £412.3k (2013



## HORSECROSS ARTS LIMITED

### Trustees' Annual Report (continued)

for the year ended 31 March 2015

–£288.3k), of which £243.3k (2014 –£141.1k) relates to general funds (see note 18 to the financial statements).

The 30% cut in our regular funding grant from Creative Scotland which takes effect in 2015-16 has required a significant adjustment to near term operating budgets. However, the trustees believe that the operating surplus achieved in 2014-15, together with the core funding and other support from Perth & Kinross Council and Creative Scotland already in place for 2015-16, provides the organisation with a manageable basis on which to continue to develop its transitional plans under a new Chief Executive, while Perth Theatre undergoes redevelopment.

#### - *Perth Theatre Catering Services Ltd ("PTCS Ltd")*

The results of the charity's wholly owned subsidiary company, PTCS Ltd, are consolidated with those of the charity in the group financial statements.

PTCS Ltd reported an operating profit for the year to 31 March 2015 of £47.6k (2014 – loss of £49.8k). (The prior year operating result reflected exceptional costs of £37.6k relating to the closure of Perth Theatre in January 2014 and the outcome of an impairment review carried out at 31 March 2014.)

Due to the availability of prior year tax losses, no provision has been made for a donation to the parent charity out of the trading profit reported for the year.

#### **Reserves policy**

Reserves are needed to bridge the gap between the spending and receiving of income, to cover unplanned emergency repairs and other expenditure, and to provide funds for long-term capital maintenance and artistic planning purposes. Advance box office sales provide short-term liquidity, but cannot be relied upon to provide secure reserves due to the uncertain nature of box office outcomes.

Based on a 3 months' net operating expenditure benchmark, a contingency fund of the order of £500k is suggested as being desirable at 31 March 2015. General reserves at this date are reported as £240k, with net current assets making up less than £50k of that amount. The trustees will continue to seek ways to build operating reserves over the medium term to nearer the 3 month operating expenditure benchmark.

In the meantime, given the inherent uncertainties associated with the organisation's charitable trading and voluntary fund-raising revenue model, the organisation will remain dependent on the continued support of its principal funders for core revenue stability.

#### **Going concern**

An overview of the key factors which the trustees have taken into account in assessing the organisation's ability to carry on as a going concern is set out in Note 1 to the Financial Statements.

#### **Plans for future periods**

The organisation is currently working its way through a transitional phase which continues into 2015-16, a year in which we look forward to celebrating the 10<sup>th</sup> anniversary of the opening of Perth Concert Hall with a series of special community participation events and performances planned for September 2015.

The board is committed to maintaining a stable financial position through 2015-16, while driving the *Transform Perth Theatre* project ahead in partnership with Perth & Kinross Council and with the valued support of Creative Scotland and our other project funders, including the Gannochy Trust, which has pledged £3m to the project.

The board will also be seeking to ensure the requisite support is in place for the new Chief Executive and his extended management team as they carry on with the job of delivering a diverse, appealing and stimulating creative programme of cultural and community events at Perth Concert Hall and other venues through the year.

**HORSECROSS ARTS LIMITED**  
**Trustees' Annual Report (continued)**  
**for the year ended 31 March 2015**

**Statement of Trustee' Responsibilities**

The Trustees, who are also the directors of Horsecross Arts Limited for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006, with the Charities and Trustee Investment (Scotland) Act 2005 and 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.

In the case of each of the persons who are trustees at the time when the Trustee' Report is approved:


- so far as the trustees are aware, there is no relevant information of which the charity's auditor is unaware; and
- each trustee has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

**Auditor**

The auditor, Scott-Moncrieff, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

The above report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime within part 15 of the Companies Act 2006.

The report was approved by the board on 26 June 2015 and signed on its behalf by:



**Dr Magnus Linklater CBE**  
**Chairman**

## **HORSECROSS ARTS LIMITED**

### **Independent Auditor's Report to the Members and Trustees**

**for the year ended 31 March 2015**

We have audited the financial statements of Horsecross Arts Limited for the year ended 31 March 2015 which comprise the Consolidated and parent company Statement of Financial Activities, Consolidated and parent company Balance Sheets and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's member, 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 charity's member and the 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, group, and its member, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditor**

As described in the statement of Trustees' responsibilities, the Trustees, who are also the directors of Horsecross Arts Limited for the purposes of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the accounts give a true and fair view.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors, including "APB Ethical Standard – Provisions Available for Smaller Entities (Revised)", in the circumstances set out in note 21 to the financial statements.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2015 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent 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, Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**HORSECROSS ARTS LIMITED**

**Independent Auditor's Report to the Members and Trustees (continued)**

**for the year ended 31 March 2015**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records or 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 report; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees' report; or
- the trustees were not exempt from the requirement to prepare a strategic report.

*Scott - Moncrieff*

**Michael Harkness, Senior Statutory Auditor  
For and on behalf of Scott-Moncrieff, Statutory Auditor  
Chartered Accountants  
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006  
Exchange Place 3  
Sempie Street  
Edinburgh  
EH3 8BL**

26 June 2015

**HORSECROSS ARTS LIMITED**

**Group Statement of Financial Activities  
(incorporating Income and Expenditure Account)**

for the year ended 31 March 2015

	Note	Unrestricted Funds £	Restricted Funds £	2015 Total Funds £	Restated 2014 Total Funds £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds:</b>					
Voluntary income	2	797,984	196,326	994,310	1,340,790
Activities for generating funds	3	967,756	-	967,756	1,020,249
		<u>1,765,740</u>	<u>196,326</u>	<u>1,962,066</u>	<u>2,361,039</u>
Incoming resources from charitable activities	4	2,118,200	-	2,118,200	2,274,321
<b>Total incoming resources</b>		<u>3,883,940</u>	<u>196,326</u>	<u>4,080,266</u>	<u>4,635,360</u>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds:</b>					
Fundraising costs	5	93,941	-	93,941	79,872
Conference, catering and other trading costs		840,499	15,508	856,007	1,011,682
<b>Charitable activities:</b>					
Production and performance		2,577,355	75,584	2,652,939	2,804,244
Creative learning and community projects		213,634	79,982	293,616	269,665
<b>Governance costs</b>		59,821	-	59,821	71,588
<b>Exceptional costs</b>		-	-	-	152,435
<b>Total resources expended</b>		<u>3,785,250</u>	<u>171,074</u>	<u>3,956,324</u>	<u>4,389,486</u>
<b>Net incoming resources before transfers</b>		98,690	25,252	123,942	245,874
Gross transfers between funds		3,502	(3,502)	-	-
<b>Net income for the year/net movement in funds</b>	9	102,192	21,750	123,942	245,874
Fund balances at 1 April 2014		141,067	147,243	288,310	42,436
<b>Total funds at 31 March 2015</b>		<u>243,259</u>	<u>168,993</u>	<u>412,252</u>	<u>288,310</u>

All activities relate to continuing operations.

There are no other recognised gains or losses in the year.

The notes on pages 15 to 31 form part of these financial statements.

**HORSECROSS ARTS LIMITED**

**Company Statement of Financial Activities  
(incorporating Income and Expenditure Account)**

**for the year ended 31 March 2015**

	Note	Unrestricted Funds £	Restricted Funds £	2015 Total Funds £	Restated 2014 Total Funds £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds:</b>					
Voluntary income	2	797,984	196,326	994,310	1,340,790
Activities for generating funds	3	436,527	-	436,527	383,734
		<u>1,234,511</u>	<u>196,326</u>	<u>1,430,837</u>	<u>1,724,524</u>
Incoming resources from charitable activities	4	2,124,341	-	2,124,341	2,274,321
<b>Total incoming resources</b>		<u><u>3,358,852</u></u>	<u><u>196,326</u></u>	<u><u>3,555,178</u></u>	<u><u>3,998,845</u></u>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds:</b>					
Fundraising costs	5	94,301	-	94,301	79,872
Conference, catering and other trading costs		356,860	15,508	372,368	362,976
<b>Charitable activities:</b>					
Production and performance		2,582,114	75,584	2,657,698	2,804,244
Creative learning and community projects		214,656	79,982	294,638	269,665
<b>Governance costs</b>		59,821	-	59,821	71,588
<b>Exceptional costs</b>		-	-	-	259,911
<b>Total resources expended</b>		<u><u>3,307,752</u></u>	<u><u>171,074</u></u>	<u><u>3,478,826</u></u>	<u><u>3,848,256</u></u>
<b>Net incoming resources before transfers</b>		51,100	25,252	76,352	150,589
Gross transfers between funds		3,502	(3,502)	-	-
<b>Net income for the year/net movement in funds</b>	9	54,602	21,750	76,352	150,589
Fund balances at 1 April 2014		141,067	147,243	288,310	137,721
<b>Total funds at 31 March 2015</b>		<u><u>195,669</u></u>	<u><u>168,993</u></u>	<u><u>364,662</u></u>	<u><u>288,310</u></u>

All activities relate to continuing operations.

There are no other recognised gains or losses in the year.

The notes on pages 15 to 31 form part of these financial statements.


HORSECROSS ARTS LIMITED

Group Balance Sheet

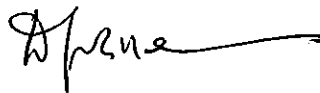
as at 31 March 2015

	Notes	£	2015 £	£	2014 £	£
<b>Fixed assets</b>						
Tangible assets	12			229,905		245,192
				<u>229,905</u>		<u>245,192</u>
<b>Current assets</b>						
Stocks		13,039			13,039	
Debtors and prepayments	14	418,015			647,936	
Cash at bank and in hand		920,831			439,625	
			<u>1,351,885</u>		<u>1,100,600</u>	
<b>Creditors</b>						
Amounts falling due within one year	15	(1,169,538)			(1,057,482)	
				<u>182,347</u>		<u>43,118</u>
<b>Net current assets</b>				<u>182,347</u>		<u>43,118</u>
<b>Total assets less current liabilities</b>				<u><u>412,252</u></u>		<u><u>288,310</u></u>
<b>Represented by:</b>						
Restricted funds	17			168,993		147,243
Unrestricted funds: Revenue account	18			243,259		141,067
				<u>412,252</u>		<u>288,310</u>

The financial statements were approved and authorised for issue on 26 June 2015 and signed on behalf of the board by:



Dr Magnus Linklater CBE  
Chairman



Jason Elles  
Trustee

Company Registration No. SC301328

The notes on pages 15 to 31 form part of these financial statements

HORSECROSS ARTS LIMITED

Company Balance Sheet

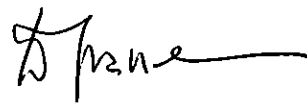
as at 31 March 2015

	Notes	2015		2014	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		212,719		223,708
Investments	13		108,833		108,833
			<u>321,552</u>		<u>332,541</u>
<b>Current assets</b>					
Debtors and prepayments	14	375,957		610,464	
Cash at bank and in hand		816,491		369,331	
		<u>1,192,448</u>		<u>979,795</u>	
<b>Creditors</b>					
Amounts falling due within one year	15	(1,149,338)		(1,024,026)	
<b>Net current assets/(liabilities)</b>			<u>43,110</u>		<u>(44,231)</u>
<b>Total assets less current liabilities</b>			<u><u>364,662</u></u>		<u><u>288,310</u></u>
<b>Represented by:</b>					
Restricted funds	17		168,993		147,243
Unrestricted funds: Revenue account	18		195,669		141,067
			<u>364,662</u>		<u>288,310</u>

The financial statements were approved and authorised for issue on 26 June 2015 and signed on behalf of the board by:



Dr Magnus Linklater CBE  
Chairman



Jason Elles  
Trustee

Company Registration No. SC301328

The notes on pages 15 to 31 form part of these financial statements



## HORSECROSS ARTS LIMITED

### Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2015

#### 1. Principal accounting policies

##### **Basis of preparation**

The financial statements are prepared under the historical cost convention, in accordance with the Statement of Recommended Practice (SORP), Accounting and Reporting by Charities (revised 2005), the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), applicable accounting standards and the Companies Act 2006.

##### **Going concern**

These financial statements have been prepared on a going concern basis following assessment by the directors of the group's financial position at the date of approval which included consideration of forward revenue and cash flow projections for the next 12 months.

Horsecross Arts' viability is critically dependent on the continuance of financial support from its principal funders, Perth & Kinross Council and Creative Scotland, and on the adequacy of its income generating endeavours in relation to charitable trading activities (which are primarily cultural and educational) and other fund-raising.

The board has reviewed operating revenue and cash flow forecasts prepared by management on the basis of approved income and expenditure budgets, with due allowance made for timing factors associated with grants, box office and other trading receipts.

Management's forecasts indicate the adequacy of working capital to allow the group to continue to pay its debts as they fall due during the period to June 2016. Accordingly, and in view of the confirmed funding agreements in place for 2015-16 with Perth & Kinross Council and Creative Scotland, the board is satisfied that the group can continue to trade as a going concern for the foreseeable future.

##### **Basis of consolidation**

The financial statements consolidate the results of the charity and its wholly owned subsidiary Perth Theatre Catering Services Limited on a line by line basis.

As described in note 13 Horsecross Arts is deemed to be a subsidiary undertaking of its ultimate parent, Perth & Kinross Council. Accordingly, the financial statements of Perth & Kinross Council will incorporate the results of Horsecross Arts and its trading subsidiary.

##### **Comparatives**

The accounting policy is to include resources expended in the Statement of Financial Activities inclusive of any VAT which cannot be recovered. The comparative figures have been reclassified on this basis which has no effect on the level of reserves.

##### **Incoming resources**

###### *Voluntary income*

Voluntary income comprises all incoming resources from donations, legacies, grants – including those which provide core funding or are of a general nature provided by government and charitable foundations – and theatre subscriptions.

Voluntary income is recognised in the appropriate fund on a receivable basis when any conditions for receipts are met.

Where donor imposed conditions require that the resource is expended in a future accounting period, income is recorded as deferred income at the Balance Sheet date.

## HORSECROSS ARTS LIMITED

### Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2015

#### 1. Principal accounting policies (continued)

##### **Incoming resources (continued)**

Where incoming resources are given specifically to provide a fixed asset, or a fixed asset is donated, all of the incoming resource is recognised in the Statement of Financial Activities when receivable. Once the asset is acquired the relevant fund is reduced over the useful economic life of the asset in line with its depreciation

##### *Activities for generating funds*

Activities for generating funds comprise income from: conferencing, catering, commercial sponsorships, box office commissions and booking fees, merchandise and other retail activities. Such income is recognised on a receivable basis.

##### *Incoming resources from charitable activities*

Incoming resources from charitable activities: box office sales and other production income, creative learning and community programme participation fees and local authority service fees.

Box office and other production income is recognised in the Statement of Financial Activities on maturity of the performance or event.

##### **Resources expended**

Resources expended are included in the Statement of Financial Activities on an accrual basis, inclusive of any Value Added Tax which cannot be recovered.

Cost of generating funds are those costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities include expenditure associated with the staging of concerts, stage productions, art exhibitions and educational programmes and include both the direct costs and support costs relating to these activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with the constitutional and statutory requirements. Also included is an estimate of the cost of senior management time and other resources expended on long-term strategy and financial planning activities.

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources.

##### **Operating leases**

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred over the lease term.

## HORSECROSS ARTS LIMITED

### Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2015

#### 1. Principal accounting policies (continued)

##### **Tangible fixed assets**

Fixed assets over £100 with a useful life of more than one year are capitalised and held at cost less accumulated depreciation with the relevant fund.

Depreciation is provided to write off fixed assets over their anticipated useful economic lives and is charged to the relevant fund as follows:

Leasehold property	over the duration of the lease on a straight line basis
Plant and machinery	over 2 to 10 years on a straight line basis
Fixtures, fittings & equipment	over 4 to 5 years on a reducing balance method

The material costs of sets, props and costumes for use in productions are written off in full in the year in which the performance first falls.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

##### **Investments**

The charity's investment in its wholly owned subsidiary is included in the charity's balance sheet at the lower of cost and net realisable value.

##### **Stock**

Stock held by Horsecross Arts' trading subsidiary comprises food and beverage and other catering supplies for resale. Other stock comprises consumables for use in the making of sets and costumes.

All stock is valued at the lower of cost and net realisable value. Cost is based on the latest purchase price for catering stock, and on actual cost for production stock.

##### **Pensions**

The charity is a member of the Tayside Superannuation Fund ('the Fund'), a defined benefit pension scheme.

Horsecross Arts is unable to identify its share of assets and liabilities of the Fund on a consistent and reasonable basis and accounts for its obligations in respect of the Fund as a defined contribution scheme, in accordance with the provisions of Financial Reporting Standard No. 17 (Retirement Benefits).

Contributions to the fund are determined by periodic actuarial valuations using the 'projected unit' method.

##### **Cash flow statement**

The company has taken advantage of the exemption allowed by Financial Reporting Standard No.1 (Revised) (Cash Flows Statements).

##### **Fund accounting**

Unrestricted funds are those funds which can be used for any appropriate charitable purpose, within the objects of the charity, at the discretion of the board.

## HORSECROSS ARTS LIMITED

### Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2015

#### 1. Principal accounting policies (continued)

Restricted funds may only be used in accordance with the specific wishes of donors.

##### Taxation

Horsecross Arts is a culturally exempt organisation under Schedule 9 of the VAT Act 1994. During the year VAT returns have been submitted on a culturally exempt basis.

Irrecoverable VAT is charged against the cost of charitable activities, where it is incurred. Irrecoverable VAT on capital expenditure is capitalised and written off over the life of the assets.

Horsecross Arts is a registered charity and therefore is not liable to income tax and corporation tax on income and gains derived from its charitable activities as it falls within the various exemptions available to registered charities.

The subsidiary company has an obligation to covenant any available taxable profits up to Horsecross Arts under Gift Aid.

#### 2. Voluntary income

Group and company	Unrestricted funds £	Restricted funds £	2015 total £	2014 total £
Perth & Kinross Council grants	319,875	10,575	330,450	720,500
Creative Scotland – Foundation funding	474,000	-	474,000	474,000
Creative Scotland – other	-	87,540	87,540	53,414
Gannochy Trust	-	30,000	30,000	40,000
Gordon Duncan Trust	-	5,000	5,000	-
Binks Trust	-	50,000	50,000	-
BBC Children in Need – Autism Youth Theatre	-	6,999	6,999	-
Scottish Government	-	-	-	7,350
Scottish Enterprise	-	-	-	7,500
Visit Scotland	-	-	-	7,725
Other trusts and foundations	1,536	1,000	2,536	12,508
Donations	2,573	5,212	7,785	17,793
	<u>797,984</u>	<u>196,326</u>	<u>994,310</u>	<u>1,340,790</u>

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2015

3. Activities for generating funds

	Unrestricted funds £	Restricted funds £	2015 total £	2014 total £
<b>Group</b>				
Conference and catering sales	747,844	-	747,844	863,704
Other retail, merchandising and commission income	186,043	-	186,043	156,545
Sponsorship income	33,869	-	33,869	-
	<u>967,756</u>	<u>-</u>	<u>967,756</u>	<u>1,020,249</u>
	Unrestricted funds £	Restricted funds £	2015 total £	2014 total £
<b>Company</b>				
Conference sales	216,615	-	216,615	227,189
Other retail, merchandising and commission income	186,043	-	186,043	156,545
Sponsorship income	33,869	-	33,869	-
	<u>436,527</u>	<u>-</u>	<u>436,527</u>	<u>383,734</u>

**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements (continued)**

for the year ended 31 March 2015

**4. Incoming resources from charitable activities**

Group	Unrestricted funds £	Restricted funds £	2015 total £	Restated 2014 total £
Perth & Kinross Council service fees	865,730	-	865,730	956,480
Production and performance income	1,184,157	-	1,184,157	1,249,949
Creative Learning participation fees	56,632	-	56,632	59,352
Theatre programme sales	11,681	-	11,681	8,540
	<u>2,118,200</u>	<u>-</u>	<u>2,118,200</u>	<u>2,274,321</u>

Company	Unrestricted funds £	Restricted funds £	2015 total £	2014 total £
Perth & Kinross Council service fees	865,730	-	865,730	956,480
Production and performance income	1,190,298	-	1,190,298	1,249,949
Creative Learning participation fees	56,632	-	56,632	59,352
Theatre programme sales	11,681	-	11,681	8,540
	<u>2,124,341</u>	<u>-</u>	<u>2,124,341</u>	<u>2,274,321</u>

**5. Total resources expended**

Group	Notes	Direct Costs £	Support Costs £	Total unrestricted £	Total restricted £	Total 2015 £	Restated Total 2014 £
<b>Costs of generating funds</b>							
Fundraising costs		43,271	50,670	93,941	-	93,941	79,872
Conference, catering and other trading costs		490,364	350,135	840,499	15,508	856,007	1,011,682
		<u>533,635</u>	<u>400,805</u>	<u>934,440</u>	<u>15,508</u>	<u>949,948</u>	<u>1,091,554</u>
<b>Charitable activities</b>							
Production and performance costs		1,182,506	1,394,849	2,577,355	75,584	2,652,939	2,804,244
Creative learning and community project costs		95,816	117,818	213,634	79,982	293,616	269,665
		<u>1,278,322</u>	<u>1,512,667</u>	<u>2,790,989</u>	<u>155,566</u>	<u>2,946,555</u>	<u>3,073,909</u>
<b>Governance costs</b>	7	-	59,821	59,821	-	59,821	71,588
<b>Exceptional costs</b>	8	-	-	-	-	-	152,435
		<u>1,811,957</u>	<u>1,973,293</u>	<u>3,785,250</u>	<u>171,074</u>	<u>3,956,324</u>	<u>4,389,486</u>

**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements (continued)**

**for the year ended 31 March 2015**

**5. Total resources expended (continued)**

<b>Company</b>	<b>Notes</b>	<b>Direct Costs £</b>	<b>Support Costs £</b>	<b>Total unrestricted £</b>	<b>Total restricted £</b>	<b>Total 2015 £</b>	<b>Restated Total 2014 £</b>
<b>Costs of generating funds</b>							
Fundraising costs		43,271	51,030	94,301	-	94,301	79,872
Conference, catering and other trading costs		6,725	350,135	356,860	15,508	372,368	362,976
		<u>49,996</u>	<u>401,165</u>	<u>451,161</u>	<u>15,508</u>	<u>466,669</u>	<u>442,848</u>
<b>Charitable activities</b>							
Production and performance costs		1,182,506	1,399,608	2,582,114	75,584	2,657,698	2,804,244
Creative learning and community project costs		95,816	118,840	214,656	79,982	294,638	269,665
		<u>1,278,322</u>	<u>1,518,448</u>	<u>2,796,770</u>	<u>155,566</u>	<u>2,952,336</u>	<u>3,073,909</u>
<b>Governance costs</b>	7	-	59,821	59,821	-	59,821	71,588
<b>Exceptional costs</b>	8	-	-	-	-	-	259,911
		<u>1,328,318</u>	<u>1,979,434</u>	<u>3,307,752</u>	<u>171,074</u>	<u>3,478,826</u>	<u>3,848,256</u>

**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements (continued)**

**for the year ended 31 March 2015**

**6. Support costs**

<b>Group</b>	<b>Notes</b>	<b>Promotion, publicity &amp; sales £</b>	<b>Venue Operations £</b>	<b>Support services £</b>	<b>Total 2015 £</b>	<b>Restated Total 2014 £</b>
<b>Costs of generating funds</b>						
Fundraising costs		1,787	-	48,883	50,670	43,105
Conference, catering and Other trading costs		71,867	145,456	132,812	350,135	270,759
<b>Charitable activities</b>						
Production and performance costs		348,933	418,609	627,307	1,394,849	1,234,305
Creative learning and community project costs		11,591	39,773	66,454	117,818	105,964
<b>Governance costs</b>	7	-	-	59,821	59,821	71,588
<b>Exceptional costs</b>	8	-	-	-	-	152,435
		<u>434,178</u>	<u>603,838</u>	<u>935,277</u>	<u>1,973,293</u>	<u>1,878,156</u>
<b>Company</b>	<b>Notes</b>	<b>Promotion, publicity &amp; sales £</b>	<b>Venue Operations £</b>	<b>Support services £</b>	<b>Total 2015 £</b>	<b>Restated Total 2014 £</b>
<b>Costs of generating funds</b>						
Fundraising costs		1,787	-	49,243	51,030	43,105
Conference, catering and Other trading costs		71,867	145,456	132,812	350,135	270,759
<b>Charitable activities</b>						
Production and performance costs		348,933	423,368	627,307	1,399,608	1,234,305
Creative learning and community project costs		11,591	40,795	66,454	118,840	105,964
<b>Governance costs</b>	7	-	-	59,821	59,821	71,588
<b>Exceptional costs</b>	8	-	-	-	-	152,435
		<u>434,178</u>	<u>609,619</u>	<u>935,637</u>	<u>1,979,434</u>	<u>1,878,156</u>

The costs of front of house and box office functions are included in promotion, publicity and sales.

Venue operations incorporate employment and other overhead costs related to house-keeping, maintenance, security and event management functions.

Support services incorporate employment and other overhead costs related to central finance and administration, business development and fund-raising capabilities.



**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements (continued)**

**for the year ended 31 March 2015**

**7. Governance costs**

<b>Group and company</b>	<b>Total unrestricted £</b>	<b>Total restricted £</b>	<b>Total 2015 £</b>	<b>Restated Total 2014 £</b>
Accountancy and audit fees	11,247	-	11,247	13,036
Legal and professional	3,694	-	3,694	1,932
Bank charges	1,783	-	1,783	1,854
Wages and salaries	43,097	-	43,097	54,766
	<u>59,821</u>	<u>-</u>	<u>59,821</u>	<u>71,588</u>

An apportionment of wages and salaries of senior management has been made which corresponds with estimated time spent on the strategic management of the charity.

**8. Exceptional costs**

	<b>Total 2015 £</b>	<b>Total 2014 £</b>
<b>Redundancy and other restructuring costs</b>	-	58,006
<b>Impairment review:</b>		
Doubtful debt provision	-	20,961
Advance sales write off	-	16,000
Plant and equipment and production stock obsolescence charges	-	42,468
Write off of goodwill in trading subsidiary	-	15,000
<b>Sub-total</b>	<u>-</u>	<u>94,429</u>
	<u>-</u>	<u>152,435</u>

**9. Net movement of funds in year**

This is stated after charging:

	<b>Group</b>		<b>Company</b>	
	<b>2015 £</b>	<b>2014 £</b>	<b>2015 £</b>	<b>2014 £</b>
Depreciation				
- tangible fixed assets	37,343	36,851	31,900	27,907
Auditor's remuneration – Audit fee	9,475	9,425	7,900	8,325
Auditor's remuneration – Non-audit services	2,475	5,470	975	1,820
	<u>49,293</u>	<u>51,746</u>	<u>40,775</u>	<u>38,052</u>

**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements (continued)**

**for the year ended 31 March 2015**

**10. Board members**

None of the trustees (or any persons connected with them) received any remuneration during the year. (2014: none) No expenses incurred in connection with their duties as a trustee were reimbursed during the year (2014: none).

**11. Employees**

**Group**

**Number of employees**

The average number of employees, per head count, during the year was:

	<b>2015 number</b>	<b>2014 number</b>
Catering	15	33
Encouragement of Performing Arts	97	111
Conferencing	2	2
	114	146
	114	146

The average number of employees, on a full-time equivalent basis, during the year was:

	<b>2015 number</b>	<b>2014 number</b>
Catering	9	13
Encouragement of Performing Arts	49	56
Conferencing	2	2
	60	71
	60	71

**Employment costs**

	<b>2015 £</b>	<b>2014 £</b>
Wages and salaries	1,501,276	1,719,184
Social security costs	82,963	119,763
Other pension costs	143,272	130,092
	1,727,511	1,969,039
	1,727,511	1,969,039

There were no employees whose annual emoluments were £60,000 or more (2014: none).

**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements (continued)**

**for the year ended 31 March 2015**

**12. Tangible fixed assets**

Group	Land and buildings £	Leased assets £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>					
At 1 April 2014	195,878	13,189	591,681	124,993	925,741
Additions	-	-	20,911	1,145	22,056
Disposals	-	(13,189)	(457,620)	(39,197)	(510,006)
At 31 March 2015	<u>195,878</u>	<u>-</u>	<u>154,972</u>	<u>86,941</u>	<u>437,791</u>
<b>Depreciation</b>					
At 1 April 2014	69,538	13,189	494,313	103,509	680,549
Charge for year	3,502	-	28,398	5,443	37,343
Disposals	-	(13,189)	(457,620)	(39,197)	(510,006)
At 31 March 2015	<u>73,040</u>	<u>-</u>	<u>65,091</u>	<u>69,755</u>	<u>207,886</u>
<b>Net book value</b>					
At 31 March 2015	<u>122,838</u>	<u>-</u>	<u>89,881</u>	<u>17,186</u>	<u>229,905</u>
At 31 March 2014	<u>126,340</u>	<u>-</u>	<u>97,368</u>	<u>21,484</u>	<u>245,192</u>
<b>Company</b>					
<b>Cost</b>					
At 1 April 2014	195,878	13,189	591,681	1,628	802,376
Additions	-	-	20,911	-	20,911
Disposals	-	(13,189)	(457,620)	(1,628)	(472,437)
At 31 March 2015	<u>195,878</u>	<u>-</u>	<u>154,972</u>	<u>-</u>	<u>350,850</u>
<b>Depreciation</b>					
At 1 April 2014	69,538	13,189	494,313	1,628	578,668
Charge for year	3,502	-	28,398	-	31,900
Disposals	-	(13,189)	(457,620)	(1,628)	(472,437)
At 31 March 2015	<u>73,040</u>	<u>-</u>	<u>65,091</u>	<u>-</u>	<u>138,131</u>
<b>Net book value</b>					
At 31 March 2015	<u>122,838</u>	<u>-</u>	<u>89,881</u>	<u>-</u>	<u>212,719</u>
At 31 March 2014	<u>126,340</u>	<u>-</u>	<u>97,368</u>	<u>-</u>	<u>223,708</u>

**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements (continued)**

for the year ended 31 March 2015

**13. Fixed asset investments**

Company	Unlisted investments £
At 1 April 2014 and 31 March 2015	<u>108,833</u>

Unlisted investments relate entirely to Horsecross Arts' beneficial interest in its trading subsidiary, Perth Catering Services Limited.

The Horsecross Arts board considers the status of debtor balances due from Perth Theatre Catering Services Limited to be a form of long-term investment in the trading subsidiary. Accordingly, balances owing by Perth Theatre Catering Services Limited at 31 March 2015 have been accounted for as a fixed asset investment in accordance with FRS5: Reporting the Substance of Transactions.

Perth Theatre Catering Services Limited, incorporated in Scotland, is a trading subsidiary of Horsecross Arts established to operate catering services on behalf of the group.

Net assets of Perth Theatre Catering Services Limited at 31 March 2015 totalled £47,593 (2014: £3) which comprised fixed assets of £17,186 (2014: £21,484), current assets of £159,437 (2014: £120,805), and liabilities of £129,030 (2014: £142,286). Relevant financial information regarding Perth Theatre Catering Services Limited for the year ended 31 March 2015 is as follows:

	2015 £	2014 £
Turnover	531,230	636,515
Cost of sales	(185,059)	(225,871)
	346,171	410,644
Gross profit	346,171	410,644
Administrative expenses	(298,581)	(422,835)
	47,590	(12,191)
Operating profit/ (loss)	47,590	(12,191)
Exceptional items	-	107,476
	47,590	95,285
Profit on ordinary activities before taxation	47,590	95,285
Tax on profit on ordinary activities	-	-
	47,590	95,285
Profit for the financial year	47,590	95,285

**14. Debtors**

	Group		Company	
	2015 £	Restated 2014 £	2015 £	Restated 2014 £
Trade debtors	92,520	70,424	53,422	46,078
Amounts owed by parent undertaking	140,407	145,503	140,407	145,503
Other debtors	150,280	364,527	147,320	351,401
Prepayments and accrued income	34,808	67,482	34,808	67,482
	418,015	647,936	375,957	610,464
	418,015	647,936	375,957	610,464

**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements (continued)**

**for the year ended 31 March 2015**

**15. Creditors: amounts falling due within one year**

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Trade creditors	80,005	122,469	75,920	101,863
Taxes and social security costs	100,862	80,145	77,388	75,323
Other creditors	345,590	267,488	336,130	266,975
Accruals	-	7,515	-	-
Deferred income (note 15a)	643,081	579,865	643,081	579,865
Amounts owed to group undertakings	-	-	16,819	-
	<u>1,169,538</u>	<u>1,057,482</u>	<u>1,149,338</u>	<u>1,024,026</u>

**15a. Deferred Income (Group and company)**

	2015 Total £	2014 Total £
At 1 April 2014	579,865	419,593
Amount released to incoming resources	(579,865)	(419,593)
Amount deferred in year	643,081	579,865
At 31 March 2015	<u>643,081</u>	<u>579,865</u>

**16. Pension and other post-retirement commitments**

Horsecross Arts Limited is a member of the Tayside Superannuation Fund, a defined benefit scheme with the assets held in separate trustee administered funds. Contributions payable by the company to the scheme amounted to £130,044 (2014: £125,541).

In view of the fact that contributions to the scheme are currently established on a scheme-wide basis and that Horsecross Arts' share of the scheme assets is only derived on a notional basis and has no impact on Horsecross Arts' contribution rates as an employer, the Trustees are of the view that the scheme should be accounted for as if it were a defined contribution scheme under the requirements of FRS 17 (Retirement Benefits). The cost recognised within the statement of financial activities is equal to the contributions payable to the scheme for the year.

During the year the company set up a second defined contribution pension scheme. This NEST scheme is an alternative to the local government scheme. Contributions payable by the company to the scheme amounted to £10,077 (2014: nil).

	2015 £	2014 £
Contributions payable by the company for the year	<u>140,121</u>	<u>125,541</u>

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2015

17. Restricted funds (Group and company)

	Movement in funds				Balance at 31 March 2015 £
	Balance at 1 April 2014 £	Incoming resources £	Resources expended £	Transfers £	
Capital fund	22,087	-	-	(3,502)	18,585
Talent Hub	25,559	10,000	(33,072)	-	2,487
Transform Perth Theatre	66,413	55,212	-	-	121,625
Radio Microphones	18,209	-	(4,552)	-	13,657
Gannochy Talent Hub	-	30,000	(30,000)	-	-
BBC Children in Need - Autism Youth Theatre	2,575	6,999	(3,815)	-	5,759
Scottish Government Youth Music Forum	7,500	-	(5,620)	-	1,880
Big Lottery – Little Stars	4,900	-	(4,900)	-	-
Creative Scotland – Small Capital Grant	-	77,540	(77,540)	-	-
Gordon Duncan Trust	-	5,000	-	-	5,000
PKC – NT Connections	-	575	(575)	-	-
Bord Na Gaidhlig	-	1,000	(1,000)	-	-
PKC – Southern Fried Outdoors	-	10,000	(10,000)	-	-
	<u>147,243</u>	<u>196,326</u>	<u>(171,074)</u>	<u>(3,502)</u>	<u>168,993</u>

**Capital fund**

This fund reflects the proportion of grants and donations received for fixed assets used in furtherance of charitable objects. Such grants are released over the expected useful life of the assets to which they relate by transfer to general reserves at each year-end, off-setting depreciation charged in respect of the assets. The balance carried forward on the fund represents the unamortised portion of grants received by the year-end and is not available to finance future expenditure.

**Creative Scotland**

- *Talent hub*

This fund reflects a grant received from Creative Scotland and related expenditure in the year on the development of musicianship, performance and presentation skills, the encouragement of cross-cultural and international collaboration, and the promotion, in particular, of Scottish and Gaelic music culture.

- *Small capital grant – lighting and sound infrastructure improvements*

This fund represents the utilisation of a small capital grant award from Creative Scotland towards costs incurred during the year by Perth & Kinross Council on the replacement of elements of the lighting and sound installation at Perth Concert Hall.

**Perth & Kinross Council**

- *Radio microphones*

A grant towards the cost of replacing radio microphone equipment required as a result of changes to the OFCOM licensed frequencies in 2012

## HORSECROSS ARTS LIMITED

### Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2015

#### 17. Restricted funds (continued)

- *Southern Fried Outdoors*  
A grant received towards the costs of setting up an outdoor stage area as part of an expanded programme of events at the 2014 Southern Fried Festival.
- *NT Connections (Travel grant)*  
A grant reimbursing travel costs incurred on taking members of Perth Youth Theatre to the annual *NT Connections* event in 2014.

#### Gannochy Trust

- *Talent hub*  
The third and final year of grant award to promote a range of creative apprenticeship, work experience and performing arts skills development activities for young people in Perthshire.

#### Gordon Duncan Memorial Trust

- *Gordon Duncan Experience*  
A grant in support of on-going tuition, performance and other development costs relating to the *Gordon Duncan Experience*, our established 'house band' for young traditional musicians.

#### BBC Children in Need

- *Autism Youth Theatre*  
Funding used, in partnership with Perth Autism Support, to provide exciting and engaging activities, centred on theatre life, designed to enable young people with high functioning autism to express themselves through acting, story-telling and movement.

#### Scottish Government

- *Youth Music Forum*  
Funding received for a collaborative project run in partnership with music agencies working in Perth & Kinross with the aim of achieving wider, better and smarter delivery of access to music tuition across the region.

#### Big Lottery Fund

- *Little Stars*  
Funding received towards our established programme of singing, dancing and acting sessions for 3 to 5 year olds. Led by our team of early years' specialist tutors, these sessions are tailored to help the children build their imagination as well as promoting healthy physical activity.

#### Transform Perth Theatre

Further donations received during the year towards our joint project with Perth & Kinross Council to refurbish and re-develop Perth Theatre, including £50,000 from the Binks Trust.

#### Bord na gaidhlig

- *Gle*  
An ad hoc grant received towards our Gaelic singing classes, talent development and traditional music performance events.

**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements (continued)**

**for the year ended 31 March 2015**

**18. Analysis of net assets between funds**

<b>Group</b>	<b>Unrestricted Funds £</b>	<b>Restricted funds £</b>	<b>Total £</b>
Fund balances at 31 March 2015 are represented by:			
Tangible fixed assets	197,663	32,242	229,905
Current assets	1,137,594	214,291	1,351,885
Creditors: amounts falling due within one year	(1,091,998)	(77,540)	(1,169,538)
	<u>243,259</u>	<u>168,993</u>	<u>412,252</u>
	<u><u>243,259</u></u>	<u><u>168,993</u></u>	<u><u>412,252</u></u>
<b>Company</b>	<b>Unrestricted Funds £</b>	<b>Restricted funds £</b>	<b>Total £</b>
Fund balances at 31 March 2015 are represented by:			
Tangible fixed assets	180,477	32,242	212,719
Investments	108,833	-	108,833
Current assets	978,157	214,291	1,192,448
Creditors: amounts falling due within one year	(1,071,798)	(77,540)	(1,149,338)
	<u>195,669</u>	<u>168,993</u>	<u>364,662</u>
	<u><u>195,669</u></u>	<u><u>168,993</u></u>	<u><u>364,662</u></u>

**19. Related parties**

Substantial funding is received from Perth & Kinross Council by way of grants and service level fees for general purposes and other activities. Perth & Kinross Council is also Horsecross Arts' landlord at Perth Theatre and Perth Concert Hall, the principal premises from which Horsecross Arts operates and carries on its charitable purposes.

Furthermore, following changes to governance arrangements made in 2013, Perth & Kinross Council is now the sole member of Horsecross Arts. As sole member, Perth & Kinross Council has certain powers of control, which are set out in the Articles, including the right to nominate up to 3 elected members of the Council to serve on the board of directors, as well as to decide on the appointment and removal of all other directors and to control appointments to the office of Chair.

Given the degree of control and influence which exists in the funding, operational and governance relationship, 100% of Horsecross Arts' general funds and net assets are consolidated in Perth & Kinross Council's annual group accounts, in accordance with financial reporting and accounting standards and other regulations applicable to local authorities delivering services through arm's length external organisations.



**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements (continued)**

**for the year ended 31 March 2015**

**20. Operating leases (Group and company)**

The annual commitments under non-cancellable operating leases are as follows:

	2015		2014	
	Land & buildings £	Other £	Land & buildings £	Other £
Operating leases which expire in 1 year	-	2,336	-	3,453
Operating leases which expire in 2 to 5 years	25,500	10,741	-	9,344
Operating leases which expire in over 5 years	4,100	-	4,100	-
	<u>29,600</u>	<u>13,077</u>	<u>4,100</u>	<u>12,797</u>

**21. Non-audit services**

In common with many other organisations of its size and nature, the group uses its auditors to assist with the preparation of the financial statements, submit returns to the tax authorities and to provide general VAT advice.