



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 2018

HORSECROSS ARTS LIMITED

Trustees' Report and Consolidated Financial Statements

for the year ended 31 March 2018

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Trustees' Annual Report

for the year ended 31 March 2018

The trustees, who are also the directors of the company for the purposes of company law, are pleased to present their annual report and audited financial statements for the year ended 31 March 2018.

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 23 to the financial statements.

Perth Concert Hall and Perth Theatre are a multi-purpose facilities. 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.

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Achievements and performance

Creative Learning

Participations	15,913
Adults	1,784
Children & Young People	4,316

The Creative Learning team had a busy 2017-18, launching several new projects and developing long-running initiatives.

Following the success of the Perth Youth Theatre (PYT) 50th Anniversary Gala and outreach projects in 2016, the team ran a further outreach project delivering extra-curricular drama activity at Kinross High School.

Perth Youth Theatre alumni delivered a series of masterclasses for current PYT members including *Acting for Screen* (with *Taggart* star Colin McCredie), *Puppetry* (with Ross McKay of Tortoise in a Nutshell Theatre Company) and *Auditioning Technique* (with Jennifer McGregor, Acting and Performance Course Leader at Dundee and Angus College).

The team delivered several schools projects including the *Perth Theatre Set Design Challenge*, which saw over 500 children in 16 Perth and Kinross Primary schools take part in workshops with a professional Set Designer. The team also worked with pupils from Balhousie Primary School on an intergenerational storytelling project with older adults in Balhousie Care Home.

In February, over 700 children attended a professional orchestral concert in Perth Concert Hall as part of the BBC Scottish Symphony Orchestra *10 Pieces* project. Perth Theatre Associate Artist Greg Sinclair delivered workshops in Fairview Special School, Forgandenny Primary School and St. Ninian's Primary School. The participating children were invited to a relaxed performance of resulting show *Animals* in Perth Theatre in May 2018.

The relocation of Join In classes to the new Perth Theatre Creative Learning spaces in late November 2017 saw Perth Youth Theatre participant numbers go up by 21%, Horsecross Glee participant numbers increase by 11.5% and Perth Youth Dance Company and Streetcrew numbers rise by 13.5%. The percentage of Join In participants attending via the Creative Learning Hardship Bursary scheme increased from 4.5% to 13.5% during the period. The team will continue to work with external partners including Social Work, Youth Services and Navigate to reach the 25% bursary target by 2020.

The team continued to provide opportunities for children and adults who may not otherwise have access to high quality arts provision. 21 young people aged 8-18 with Autistic Spectrum Disorder attended Youth Theatre Classes in partnership with Perth Autism Support. 28 adults with a range of learning and physical disabilities participated in *Let's Dance* classes in Perth and Blairgowrie. In February, funding was secured to launch a *Let's Dance* group in Crieff for 2018-19. The Creative Learning department also provided space and resources for the Perth Breathe Easy group to hold a singing project for adults with breathing difficulties and the Perth Menopause Café to hold their first *Menopause Festival*.

The Creative Learning programme for adults continued to flourish. Alongside regular *Horsecross Voices* and *Blow & Blast* workshops, the team delivered several events exploring the heritage of Perth Theatre funded by the Heritage Lottery Fund. These initiatives (including an exhibition at Perth Museum and Art Gallery, Perth Theatre Discovery Talks and the Perth Theatre Oral History project) engaged over 16,000 people in Perth Theatre's story. In October 2017, the team worked in partnership with the Southbank Centre to deliver the first *Scottish Women of the World Festival* at Perth Concert Hall.

Strictly Dance was launched in Spring 2018. Based on the *Horsecross Voices* model, the project sees adult participants learn a new dance genre each week. With the eight-week pilot sold out Horsecross *Strictly Dance* will return in Autumn 2018 for another season.

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Cultural programme

Classical

Performances 50*
Attendances 20,747*

2017-18 saw the beginning of a new partnership between Horsecross Arts and the three Scottish Orchestras - Royal Scottish National Orchestra (RSNO), BBC Scottish Symphony Orchestra (BBC SSO) and Scottish Chamber Orchestra (SCO) - supported by increased financial support from the Gannochy Trust. This led to an additional three concerts: The St Petersburg Symphony Orchestra visited in October with a programme of Russian music from Tchaikovsky and Rachmaninov and the RSNO performed both a Christmas concert and an afternoon of music from *Star Wars*. These last two concerts attracted a very different and much younger audience which is the aim of the scheme. In addition, the SCO delivered a *Masterworks* concert and the BBC Scottish Symphony Orchestra played a *10 Pieces* concert which between them attracted more than 1200 schoolchildren. The core *Perth Concert Series* remained as strong as ever with a top-class array of artists including Thomas Dausgaard, Robert Levin, Emmanuel Krivine, Edward Gardner and James Ehnes.

Perth Concert Hall hosted the first performance of Nicola Benedetti's String Quartet in September, bringing chamber music to a new audience.

The *Lunchtime Concerts* series, regular Monday classical performances at 1pm in Perth Concert Hall, continued successfully including the beginning of a series of string quartets in partnership with BBC Radio 3. Hebrides Ensemble again steamed a concert live from the hall in February.

The *Perth Piano Sundays* series of afternoon concerts by the world's top pianists again included four broadcasts by BBC Radio 3 and introduced some exciting new artists such as Andrew Tyson and Andrei Gavrylyuk.

Scottish Opera performed a concert performance of Rossini's *La Scala di Seta* in April as part of ambitions to grow the opera audience which was also supported by a performance of Mozart's *La Finta Giardiniera* in September.

With the reopening of Perth Theatre, Perth Concert Hall has once again become available in December, making the programming and promotion of Christmas orchestral and choral concerts viable once more. The Dunedin Consort, now acclaimed worldwide for their performances of Bach, gave a splendid performance of Bach's *Christmas Oratorio* in December.

Contemporary music, comedy, family shows and variety acts

Performances 115*^A
Attendances 61,418*^A

The combination of expanding to four days and the first major change in the exchange rate since the launch of the *Southern Fried Festival* made it a struggle to find four cast-iron headliners so two contrasting one-off shows were created to open and close the festival: *Rock 'N' Roll Music: The Songs Of Chuck Berry* with Andy Fairweather Low & The Hi Riders as the house band and *North Star: Scotland Sings Canada* with Stuart Nisbet and the usual Southern Fried house band anchoring proceedings. Both very different shows with a diverse range of singers performing in each but both thoroughly deserved the standing ovations they received.

The other headline Perth Concert Hall shows - Nick Lowe with special guest Jim Lauderdale and a double bill of Loudon Wainwright III and Beth Nielsen Chapman - also earned standing ovations. The third year of the Outdoor Stage on Perth Concert Hall Plaza once again added greatly to the festival buzz throughout the city and drew its biggest audiences yet while the daytime Acoustic Stage thrived in its second year.

The festival received excellent reviews in The Herald, Scotsman, influential website Americana UK and widely read local blog Small City Big Personality. The festival also got very positive roundup features in The Perthshire Advertiser and The Courier. BBC Radio Scotland's *Another Country* broadcast a 2-hour highlights package the week after the festival, which was repeated and then remained on iPlayer for a further month.

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Social media feedback is always very strong but the overwhelming and almost unanimous positivity across the board was taken to a higher level this year.

5500 tickets were sold across the weekend with free events taking the weekend attendance to just under 9500 people. Over 60% of paid-for tickets were bought by customers from outside Perth and Kinross and as a result, economic impact figures suggest *Southern Fried* contributed over £500,000 to the local economy.

The *Celtic Sessions* series performed strongly across the year with notable performances from Manran, Elephant Sessions, Skerryvore, Sharon Shannon, Julie Fowlis, Breabach and Kris Drever, culminating in a very special show in March featuring Hamish Napier performing with Horsecross Arts' Gordon Duncan Experience. Outside of the series, Phil Cunningham's *Christmas Songbook* and the Scottish Fiddle Orchestra achieved their annual (near) sell-outs and Skipinnish drew 1000 people on their first visit in December and look set to become another fixture in the calendar.

Touring contemporary artists at Perth Concert Hall included an unforgettable performance by Robert Plant and his band with Michael Kiwanuka, Leo Sayer, Lulu, Paul Carrack, Red Pine Timber Co, Post Modern Jukebox and Belle & Sebastian also providing memorable nights throughout the year.

Highlights of the mainstream light entertainment and tribute programme included Elaine Paige, Foster & Allen, Nathan Carter, the Scottish National Jazz Orchestra playing Miles Davis and Jack Jones alongside tribute shows to the Beatles, Cat Stevens, The Eagles, Patsy Cline, Billy Fury, Simon & Garfunkel, George Michael, Johnny Cash and Roy Orbison.

The return of *The Monday Night Thing* to the new Joan Knight Studio in Perth Theatre was welcomed by audiences and artists alike, with several shows in the series full to capacity including McCusker, McGoldrick and Doyle, Out Lines and Blue Rose Code.

It was a quieter year for comedy but there were strong houses for Jon Richardson, Jimmy Carr and Stewart Lee with local comic Bruce Fummey attracting an audience of 500 for his first show in Perth Concert Hall in April.

Drama

Performances 101*

Attendances 23,134*

In April 2017, to build awareness of the imminent opening of the theatre, Perth Theatre, in partnership with Theatre by the Lake Keswick toured Bea Robert's *And Then Come the Nightjars*, a production by Theatre503 and Bristol Old Vic, to Cumbria, two venues in the Scottish borders, and six venues across Perthshire.

'Fantastic, moving, very funny, real authenticity - absolutely loved it! Brings theatre to new audiences. Few people in Rattray would be comfortable in a 'posh venue'. To lose theatre and only have screen would be like to see animals in photographs only.' audience member.

'We are in a bit of a cultural desert up there - and serious theatre is very important. This play was so good!' audience member.

The 306: Day, Perth Theatre's co-production with the National Theatre of Scotland and Stellar Quines, co-commissioned by 14 – 18 NOW, part of the *306 Trilogy*, was performed in Perth's Station Hotel to sell-out audiences.

Perth Theatre reopened in early December 2017 with Perth's traditional family pantomime, *Aladdin*, gathering excellent audience feedback, and becoming the best performing panto since previous best-seller *Cinderella* in 2013.

The 2018 season kicked off with a revival of the international phenomenon that is *Knives in Hens*, Scottish Playwright David Harrower's first play. Met with critical acclaim it has gone on to be nominated for 4 Critics' Awards for Theatre in Scotland (CATS) – Best Actress, Best Design, Best Director and Best Production.

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Richard III the second in-house production of the season received four-star reviews across the board from the UK press, including:

".. in the age of Putin, when a clever and breathtakingly ruthless leader is once again running rings around those who pause for thought or entertain doubts, the story of Richard's relentless rise – and eventual fall – has never seemed more timely; or more like a play for today, for Scotland and the world." *****The Scotsman*.

It included a young company of ten actors from Perth Youth Theatre between the ages of 9 and 18.

The main-stage season was rounded off with Karine Polwart's *Wind Resistance*. Enormously successful with audiences it sold out for the last three performances and was met with standing ovations throughout the run.

The programme for the opening season has drawn attention to the theatre and been favourably responded to by Scottish media.

"In days gone by Dundee Rep was considered the more serious-minded of the two repertory theatres on the banks of the River Tay. Perth Theatre, by comparison, had a more middlebrow bent, with a greater emphasis on putting "bums on seats" than encouraging its audience to sample the delights of the more challenging works in the theatrical canon. Now, however, there are signs that the situation might be being reversed. Perth Theatre's artistic director Lu Kemp has begun her 2018 programme in the impressively redeveloped playhouse with a superb production of Scottish dramatist David Harrower's modern classic *Knives In Hens*; and she will follow that success with a staging of Shakespeare's powerful and complex *Richard III*." Mark Brown Sunday Herald

The flexible Joan Knight studio enabled the programming of a wider range of work of smaller scale both for younger and older audiences.

Small-scale shows presented across March 2018 – a mix of music, theatre and dance - included Joan Cleville Dance's *Plan B for Utopia*, Lung Ha's *The Three Sisters*, Aberfeldy Drama Group's *Ring Road* by Anita Vettese, and Shon Dale Williams *The Duke and Robin Hood and Me*.

The children's programme featured *White*, Catherine Wheels' show for 0 – 2-year olds before it embarked on a new international tour, and *Teenage Trilogy* by our company in residence Curious Seed for an intergenerational audience. The latter involved older local dancers and was followed by a silent disco.

Contemporary Art

7 group shows featuring over 200 Scottish and international artists

26 new commissions and acquisitions by 16 Scottish and international artists

The relationship between visual and performing arts including dance, drama, music and cinema has increasingly become the most distinctive feature of the contemporary art commissioning, exhibiting, publishing, collecting policy and creative learning programme.

In anticipation of the reopening of the redeveloped Perth Theatre, the group exhibition *Encore* featured 12 works by European-born artists from the Horsecross Arts collection alongside 12 works by Scottish, Polish and Bosnian artists including new commissions and acquisitions of artists' films launched as part of festivals of dance and drama, music and cinema.

Perth Screen Dance, the second open submission screen dance festival received over 200 entries. The shortlisted works were presented at two free public screenings and two screen dance masterclasses. The winning works by Marty Buhler, Roswitha Cheshier and Marlene Miller were acquired for the Horsecross Arts museum collection and shown as part of Perth Dance Festival.

'An eye-opener', 'Clever', 'Thought-provoking', 'Insightful', 'Incredible', 'A huge achievement', 'A great source of inspiration' were some of the visitors' comments on *Women*. This was the first survey of 60 artists' films and limited editions by 40 women artists from 20 countries as represented in the Horsecross Arts collection of

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contemporary art since 2005. Accompanied by 20 creative learning events including Slow Art Sunday with featured artist Marlene Miller; curator's guided tours over coffee and wine; back stage artist's residency with a new commission and acquisition by Wendy Stenberg; artist's talk and screening with Debra Salem (off-site at Talbot Rice Gallery, University of Edinburgh) and two free curator's presentations as part of WOW - Women of the World Festival.

3G: 3 Generations of Women Artists Perform 2018 was the third annual study day where feminism meets performance art featuring live and screen performances by Elaine Shemilt, Federica Marangoni, Teresa Wennberg, Klára Kuchta, Richard Layzell and Pernille Spence including new podcasts of talks by Laura Leuzzi, Iliyana Nedkova and Elaine Shemilt and new commission/acquisition by Richard Layzell and Pernille Spence. It was one of the highlights of the Perth and Kinross Women's Festival 2018.

Let's End It, the 5th annual student exhibition to mark World AIDS Day – the only UK exhibition of its kind exploring the HIV stigma - featured 2 new commissions and acquisitions by Mare Tralla and works by 60 Contemporary Art Practice and Visual Communications students from Perth College, UHI.

Kids of Panto Past and Present featured a new commission and acquisition of an artist's film by Debra Salem and 28 framed and glazed inject photographic prints on archival paper tracing the Perth pantomime phenomenon from 1956 until 2017. The exhibition was accompanied by the artists' interviews with past panto kids for the *Perth Theatre Memory Collective*. The exhibition also featured 16 inject prints from the *Perth Theatre Set Design Challenge*.

11 Million Reasons to Dance took its title from the solo photography exhibition by Sean Goldthorpe which was part of the first ever survey of 28 screen dance works from the Horsecross Arts museum collection. The new screen dance commissions and/or acquisitions included 5 works by or featuring Sean Goldthorpe, Marc Brew and Janis Claxton Dance.

New and sustained existing project research was developed as well as co-commissioning partnerships with Perth Museum and Art Gallery; the Fergusson Gallery; Centre for Contemporary Art, Glasgow; KunstMuseum, Tartu (TartMus); Talbot Rice Gallery, Edinburgh.

New research and co-commissioning partnerships included Culture Perth and Kinross Trust; Perthshire Creates; The Work Room, Glasgow; ACT UP London/New York; People Dancing: foundation for community dance; Margaret Morris Movement Association, Friends of Pskov Association, Waterstones Perth, Muswell Press, London; Terence Higgins Trust Tayside, LGBT Youth Scotland Tayside, HIV Scotland, STOP AIDS and ACT UP New York/London.

Cultural industry and academia partnerships with the University of Highlands and Islands, the University of Edinburgh, University of Dundee and Robert Gordon University, Aberdeen were sustained and strengthened.

Conferencing and catering

Conferences/meetings	106
Conference delegates	13,303
Other events	16
Other attendees	9,330
Catering transactions	85,415

Demand for conferences and events continues to be a strong with consistently excellent feedback from clients. This is reflected in the large number of clients returning year on year. New clients from 2016, such as ESRI, Career Ready and BIGGA, have not only returned this year, but also secured dates in 2018. The Educational Institute of Scotland have confirmed their commitment to return with their AGM every alternate year until 2022.

Scottish Natural Heritage came at short notice for an all staff conference in early December with 500 delegates, bringing welcome additional income to Perth Concert Hall when the diary was quiet due to Perth Theatre's reopening schedule and panto being back in its home at the theatre.

St Johnstone FC did not hold their 'Hall of Fame' dinner this year but hosted a successful wedding instead.

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The Frisson Foundation have extended their *Glee Choir Challenge* to also hold their regional and national finals at Perth Concert Hall, hiring the hall now for a total of 5 days. The first BOSS Cheerleader Competition was held in Perth in January and they are returning in October 2018.

Organisers and delegates have been giving excellent feedback following the first meetings in Perth Theatre's Joan Knight Studio.

"Well, what do I say after the joy and pleasure of our amazing day on Wednesday? It was exceptional. The appreciations have been coming in this and fast...."

So thank you all at Perth Concert Hall for all the support on the day and ideas in the run up to the events and then for all the work to allow a really excellent experience for our young people." **Career Ready Awards Ceremony**

"I just wanted to email to say we had a wonderful weekend. Your staff could not have been more helpful and we were delighted with everything" **Yvonne Gray Dance School**

It was an exciting year for catering with the opening of Perth Theatre dominating the proceedings. Recruitment was a challenge and the period up to the end of 2017 found the theatre still short of staff. Since then the initial interest has evened out and a good system and rhythm have been established. The newly formed catering areas have proved a hit with audiences and Perth Theatre is firmly on the coffee, scone and lunch trail!

Perth Concert Hall continues with a solid performance, increased daytime non-performance income and several good reviews.

Horsecross Arts catering manager Rebecca tied the knot with her long-time partner Scott in Perth Concert Hall's Norie-Miller Studio. Scott and Rebecca met at Perth Theatre ten years ago and Scott has returned as Perth Theatre chef.

Being able to offer a wide range of food and drink to conference and events clients has an immediate financial benefit and helps sell the venue. The Joan Knight Studio has already hosted events where the catering team have provided all the coffee, cake and lunches. Regular clubs using the venues include Breast Buddies and a book club who have chosen the two venues for their monthly get togethers.

The in-house baker's delicious cakes have got Perth talking - especially the large gluten free selection.

On an environmental note, branded cups and drinks straws are now fully biodegradable.

Development

Audiences, artists and communities are at the heart of everything Horsecross Arts achieves, and the work of the organisation is made possible thanks to many generous supporters.

Ticket sales, catering and conferences and other ancillary services and products are a reliable source of income. Significant efforts have been made to increase these revenue streams through the delivery of a varied cultural and creative learning programme, revised catering offer and the provision of first class products and services.

Horsecross Arts remains indebted to key partners Perth & Kinross Council, Creative Scotland and The Gannochy Trust for their financial assistance, expert advice, and partnership approach. These relationships will continue to develop over the years ahead.

Project funding was gratefully received from several national organisations including Big Lottery Awards for All for the new *Let's Dance* project, Event Scotland for the 10th anniversary of the award-winning *Southern Fried Festival*, and the International Council of Museums offered a grant towards the Threshold artspace collections.

Local support came from the Blairgowrie and Kinross Common Good Funds for Perth Youth Theatre and Perth Theatre rural tours. The Northwood Charitable Trust continued to support big youth music ensemble the Gordon Duncan Experience, and Soroptimist International contributed towards various creative learning

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projects including the Summer School bursary programme. Trusts and Foundations further afield, including London based The Barbara Ward Children's Foundation and South East based Boshier Hinton Foundation supported the unique Perth Autism Youth Theatre.

Most corporate sponsors have come on board for another year, with some now entering their third, or in some cases, fifth year of sponsorship. This signifies the confidence they have in Horsecross Arts to deliver a diverse package of benefits to support the growth of their own business and it is a pleasure to work alongside these local and Scottish companies. Donations from audiences, members and patrons steadily increased and there is a commitment to develop this valued income stream throughout 2018/19 and beyond.

This past year has seen Perth Theatre's largest ever capital restoration and redevelopment project come to an end; a new chapter in Perth Theatre's long and illustrious history began when the doors reopened in November. This transformational project has delivered a fully restored and rejuvenated Edwardian auditorium, the construction of a new studio theatre, dedicated arts education spaces and a fully accessible fit for purpose venue with a bright future ahead. The relaunch of Perth Theatre would not have been possible without the dedication and support of many charitable individuals and funders and their contributions are gratefully received.

*Source SLA Report

^Figures also include dance, talks and film

Financial review

Total incoming group resources for the year were £4.780 million (2017 – £4.787 million) including restricted fund income of £278.9k (2017 - £743.7k).

The group net decrease on general funds was £265k (2017 – £11k) after expenditure of £4.763 million (2017 - £4.024 million) and outgoing fund transfers of £4.0k (2017 – £8.6k outgoing). Group net assets at 31 March 2018 were £127k (2017 – £1,197k), of which £12k (2017 – £277.1k) relates to general funds and £115k (2017 – £920k) relates to funds which are not available for the general purposes of the charity as they have been restricted by the donor to specific purposes (see note 23 to the financial statements). Net current liabilities stood at £385k (2017 – net current assets of £784.8k) of which £263k was held in cash (2017 – £1.239 million).

Horsecross Trading Limited

The results of the charity's wholly owned subsidiary company are consolidated with those of the charity in the group financial statements. Further details are provided at note 16. The subsidiary changed name to Horsecross Trading Limited (HTL) from Perth Theatre Catering Services Limited on 24 October 2017.

HTL reported an operating profit for the year to 31 March 2018 of £171k (2017 - £72k), prior to a donation of £60k (2017: £nil) paid to Horsecross Arts as a distribution of profits earned in 2017.

Sources of finance

Core funding is provided through a service level agreement with Perth and Kinross Council. Horsecross Arts also receives regular revenue funding from Creative Scotland. This is the final year of a significantly lower level of funding from Creative Scotland, due to the closure of Perth Theatre. In January 2018 we received confirmation for the three year period 2018-19 to 2020-21 which is in excess of the levels given prior to the closure of the Theatre. 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, Horsecross Trading Limited, whose results are consolidated with those of the charity in the accounts.

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Risk management

The main risks, to which the charity is exposed, as identified by the trustees, are reviewed periodically. The trustees identify control measures and specific actions required to mitigate the critical risks identified and are satisfied that those measures, once implemented, will reduce the potential impact of the critical risks to manageable levels.

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, unrestricted general funds to the order of £500k is suggested as being desirable at 31 March 2018. General reserves at this date are reported as £12k, which includes net current liabilities of £488k on free reserves (unrestricted funds which are not tied up in fixed assets). 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

For Horsecross Arts, the next four years represent an exciting opportunity to revitalise the cultural offering to local and national audiences alike. The re-opening of the restored and redeveloped Perth Theatre, will help to build on the success of Perth Concert Hall, which has just celebrated its tenth anniversary, and has been acclaimed as one of the best performing spaces in the UK.

Our over-arching aim is to offer our local communities and audiences the widest range of work both to view and to participate with, and to develop a range of work "made in Perth" which will enrich lives, pursue excellence, and draw on the best that Scotland offers in terms of artists, culture and the creative arts.

We will expand our role as a cultural leader not just in Perthshire but across Scotland and beyond, bringing the arts and culture to individuals, families and communities throughout the region. To do so, we will deliver a programme which is rich and varied, offering a diverse range of entertainment, inspiration, and cultural experiences across every art form, in our venues in Perth. We will present much-loved classics whilst at the same time developing new work, with, and for, our audiences both current and future.

Our programme will enable people of all ages and abilities, with different backgrounds, and from diverse communities to access, and to engage with arts and culture in ways that will challenge and involve them, within their local areas and in our two main venues, Perth Concert Hall and the transformed Perth Theatre. Digital tools and live broadcast will enhance the ways in which we deliver our programme, reaching out to audiences and influencing creative practice.

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.

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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.

Horsecross Arts works in close partnership with Perth and Kinross Council to develop programmes of activity which greatly enhance delivery against Horsecross Arts charitable objectives. A partnership in which the charity has significantly benefitted has been the project management of a £16.6m capital project to Redevelop Perth Theatre, significantly reducing risk to the Charity while maximising return against charitable objectives. Perth and Kinross Council maintains an arm's length relationship with regards to all governance matters of the Charity. Horsecross also has a service provider relationship with Perth and Kinross Council in which through a Service Level Agreement the Council purchases services from the Charity.

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 the Chief Executive, supported by a senior management team.

In setting pay and remuneration for the charity's personnel bench marking, using industry pay scales, is undertaken, such as BECTU and Equity.

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Reference and Administrative Information

Charity number SC022400

Company Number SC301328

The company is registered in Scotland.

Trustees (and Directors)

At the date of this report:

Dr Magnus Linklater CBE (Chair)

Lady Georgina Bullough

Jason Elles

Patrick Elsmie – (resigned 4 June 2018)

Stephanie Fraser

Charles Kinnoull

Alan Strachan

Anna Stapleton

Cllr Henry Anderson (Perth & Kinross Council nominee) – (resigned 3 May 2017)

Cllr Ann Gaunt (Perth & Kinross Council nominee) – (resigned 3 May 2017)

Cllr 'Mac' Roberts (Perth & Kinross Council nominee) – (resigned 3 May 2017)

Cllr Willie Robertson (Perth & Kinross Council nominee) – (appointed 14 May 2017)

Cllr Henry Coates (Perth & Kinross Council nominee) – (appointed 14 May 2017)

Cllr John Rebbeck (Perth & Kinross Council nominee) – (appointed 14 May 2017)

Secretary

Gwilym Gibbons (resigned 27 February 2018)

Michael Griffiths (appointed 19 March 2018)

Key management personnel

Gwilym Gibbons (resigned 27 February 2018)

Michael Griffiths (appointed 19 March 2018)

Peter Hood

Christina McKenzie

Michaela Anderson

Lu Kemp

Chief Executive

Interim Chief Executive

Head of Venues

Head of Finance

Head of Conference and Events

Artistic Director - Theatre

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 2018

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 Trustees' 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.

This report has been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The report was approved by the board on 5 December 2018 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 2018

Opinion

We have audited the financial statements of Horsecross Arts Limited (the parent charitable company) and its subsidiary (the group) for the year ended 31 March 2018 which comprise the Consolidated and Parent Charitable Company Statement of Financial Activities (incorporating the Income and Expenditure Account), the Consolidated and Parent Charitable Company Balance Sheet, the Consolidated and Parent Charitable Company Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 group's and the parent charitable company's affairs as at 31 March 2018 and of the group's and parent charitable company's 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 regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

HORSECROSS ARTS LIMITED

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

for the year ended 31 March 2018

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 (who are also the directors of the charitable company for the purposes of company law) are responsible for the other information. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has 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 group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which 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 by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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 the trustees

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees (who are the directors for the purposes of company law and trustees for the purposes of charity 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.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent 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 parent charitable company or to cease operations, or have no realistic alternative but to do so.

HORSECROSS ARTS LIMITED

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

for the year ended 31 March 2018

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

Use of our report

This report is made solely to the parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the parent charitable company's members, as a body, and the charitable company's trustees, as a body, 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 parent charitable company, the parent charitable company's members, as a body, and the parent charitable company's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Harkness

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

Semple Street

Edinburgh

EH3 8BL

5 December 2018

HORSECROSS ARTS LIMITED

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

for the year ended 31 March 2018

	Note	Unrestricted Funds £	Restricted Funds £	2018 Total Funds £	Restated 2017 Total Funds £
Income and endowments from:					
Donations and legacies	4	382,080	278,890	660,970	1,099,624
Charitable activities	5	2,968,870	-	2,968,870	2,659,106
Other trading activities	6	1,150,575	-	1,150,575	1,028,576
Total		<u>4,501,525</u>	<u>278,890</u>	<u>4,780,415</u>	<u>4,787,306</u>
Expenditure on:					
Raising funds	7	1,224,613	11,910	1,236,523	979,290
Charitable activities	8	3,538,293	128,122	3,666,415	3,244,799
Other – Transform Perth Theatre	9	-	948,456	948,456	-
Total		<u>4,762,906</u>	<u>1,088,488</u>	<u>5,851,394</u>	<u>4,224,089</u>
Net expenditure/ (income)		(261,381)	(809,598)	(1,070,979)	563,217
Transfers between funds		(3,952)	3,952	-	-
Net movement in funds	12	(265,333)	(805,646)	(1,070,979)	563,217
Reconciliation of funds:					
Total funds brought forward		277,146	920,352	1,197,498	634,281
Total funds carried forward		<u>11,813</u>	<u>114,706</u>	<u>126,519</u>	<u>1,197,498</u>

All activities relate to continuing operations.

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

The notes on pages 21 to 41 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 2018

	Note	Unrestricted Funds £	Restricted Funds £	2018 Total Funds £	Restated 2017 Total Funds £
Income and endowments from:					
Donations and legacies	4	441,611	278,890	720,501	1,099,624
Charitable activities	5	2,968,870	-	2,968,870	2,659,106
Other trading activities	6	269,520	-	269,520	445,609
Total		<u>3,680,001</u>	<u>278,890</u>	<u>3,958,891</u>	<u>4,204,339</u>
Expenditure on:					
Raising funds	7	514,770	11,910	526,680	468,800
Charitable activities	8	3,538,293	128,122	3,666,415	3,244,799
Other – Transform Perth Theatre	9	-	948,456	948,456	-
Total		<u>4,053,063</u>	<u>1,088,488</u>	<u>5,141,551</u>	<u>3,713,599</u>
Net (expenditure)/ income		(373,062)	(809,598)	(1,182,660)	490,740
Transfers between funds		(3,952)	3,952	-	-
Net movement in funds	12	(377,014)	(805,646)	(1,182,660)	490,740
Reconciliation of funds:					
Total funds brought forward		85,317	920,352	1,005,669	514,929
Total funds carried forward		<u>(291,697)</u>	<u>114,706</u>	<u>(176,991)</u>	<u>1,005,669</u>

All activities relate to continuing operations.

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

The notes on pages 21 to 41 form part of these financial statements

HORSECROSS ARTS LIMITED

Group Balance Sheet

as at 31 March 2018

	Notes	2018 £	2018 £	Restated 2017 £	Restated 2017 £
Fixed assets					
Tangible assets	15		511,596		412,724
Current assets					
Stocks		21,836		13,377	
Debtors and prepayments	17	540,657		557,561	
Cash at bank and in hand	18	263,459		1,239,235	
		<u>825,952</u>		<u>1,810,173</u>	
Liabilities					
Creditors: amounts falling due within one year	19	(1,211,029)		(1,025,399)	
Net current (liabilities)/ assets			(385,077)		784,774
Total net assets	24		<u>126,519</u>		<u>1,197,498</u>
The funds of the charity:					
Restricted funds	23		114,706		920,352
Unrestricted funds			11,813		277,146
			<u>126,519</u>		<u>1,197,498</u>

The financial statements have been prepared in accordance with the provision applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue on 5 December 2018 and signed on behalf of the board by:



Dr Magnus Linklater CBE
Chairman

Company Registration No. SC301328

The notes on pages 21 to 41 form part of these financial statements

HORSECROSS ARTS LIMITED

Company Balance Sheet

as at 31 March 2018

	Notes	2018		Restated 2017	
		£	£	£	£
Fixed assets					
Tangible assets	15		481,701		399,998
Investments	16		108,833		108,833
			<u>590,534</u>		<u>508,831</u>
Current assets					
Stock		1,450		614	
Debtors and prepayments	17	493,592		524,538	
Cash at bank and in hand	18	159,336		1,087,191	
		<u>654,378</u>		<u>1,612,343</u>	
Liabilities					
Creditors: amounts falling due within one year	19	(1,421,903)		(1,115,505)	
Net current (liabilities)/ assets			(767,525)		496,838
Total net assets	24		<u>(176,991)</u>		<u>1,005,669</u>
The funds of the charity:					
Restricted funds	23		114,706		920,352
Unrestricted funds			(291,697)		85,317
			<u>(176,991)</u>		<u>1,005,669</u>

The financial statements have been prepared in accordance with the provision applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue on 5 December 2018 and signed on behalf of the board by:


Dr Magnus Linklater CBE
Chairman

Company Registration No. SC301328

The notes on pages 21 to 41 form part of these financial statements

HORSECROSS ARTS LIMITED

Consolidated and Parent Statement of Cash Flows

as at 31 March 2018

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Cash flows from operating activities:					
Net cash (used in)/provided by operating activities	25	(814,816)	140,878	(789,284)	132,409
Cash flows from investing activities:					
Purchase of property, plant and equipment		(160,960)	(166,153)	(138,571)	(162,479)
		-----	-----	-----	-----
Change in cash and cash equivalents in the reporting period		(975,776)	(25,275)	(927,855)	(30,070)
Cash and cash equivalents at the beginning of the period		1,239,235	1,264,510	1,087,191	1,117,261
		-----	-----	-----	-----
Cash and cash equivalents at the end of the reporting period	18	<u>263,459</u>	<u>1,239,235</u>	<u>159,336</u>	<u>1,087,191</u>

The notes on pages 21 to 41 form part of these financial statements

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

1. Principal accounting policies

General Information

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the group's transactions are denominated. They comprise the financial statements of Horsecross Arts Limited, and its subsidiary Horsecross Trading Limited (formerly Perth Theatre Catering Services Limited).

The principal activity of Horsecross Arts Limited is to advance education by the encouragement of the performing arts and run arts development and arts education programmes in Perth.

The principal activity of Horsecross Trading Limited is to operate catering services on behalf of the group.

Horsecross Arts Limited is a charitable 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 SC02240. In the event of the winding up of the charitable 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 page 11 of these financial statements

Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102") (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)', Update Bulletin 1 to the SORP published in February 2016, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

Horsecross Arts Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

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 charitable company's financial statements unless otherwise stated.

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2018

1. Principal accounting policies (continued)

Basis of consolidation

The financial statements consolidate the results of the charitable company and its wholly owned subsidiary Horsecross Trading Limited (formerly Perth Theatre Catering Services Limited) (company number SC081948, registered in Scotland) on a line by line basis. The charitable company together with Horsecross Trading Limited (formerly Perth Theatre Catering Services Limited) comprises the Group. The registered address is Perth Concert Hall, Mill Street, Perth, PH1 5HZ.

As described in note 27, Horsecross Arts Limited 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 Limited and its trading subsidiary.

Going concern and events after the end of the reporting period

These financial statements have been prepared on a going concern basis following assessment by the trustees 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 is 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. The board is aware there are challenging times ahead of Horsecross Arts Limited and have constructed a recovery plan with the aim of cutting cost and increasing income to ensure targets are met going forward. Subsequent to the end of the reporting period the implementation of the recovery plan has included a reduction of 8 posts with estimated overall cost savings in the region of £100,000 and increased income from activities.

Management's forecasts indicate the adequacy of working capital to allow the group to continue to pay its debts as they fall due for at least a year from the date of this report. Accordingly, and in view of the imminent signing of a 30 year lease for the Concert Hall along with the regular funding organisation application, the board is satisfied that the group can continue to trade as a going concern for the foreseeable future.

Recognition and allocation of income

Income is recognised when the charitable company has legal entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably. Where practicable, income is related to the operating activities of the charitable company. Where there are terms placed on income that limit the company's discretion over how the income can be used that income is shown as restricted income in the accounts.

Grants and donations

Where there are performance conditions attached to any grants and donations, income is recognised when the conditions have been met or when meeting the conditions are within the company's control and there is sufficient evidence that they have been met or will be met. Where a grant condition allows for the recovery of any unexpended grant, a liability is recognised when repayment becomes probable. 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.

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.

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2018

1. Principal accounting policies (continued)

Recognition and allocation of income (continued)

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. Income received in advance of a performance or provision of a specified service is deferred until the criteria for income recognition are met.

Other trading activities

Other trading activities: income from conferencing, catering, commercial sponsorships, box office commissions and booking fees, merchandise and other retail activities. Such income is recognised in the period in which the group is entitled to receive it.

Resources expended

Expenditure is recognised when the company has entered into a legal or constructive obligation and related where practicable to the operating activities of the company. Where possible, expenditure is attributed directly to the function to which it relates. Where this is not possible it is allocated on a percentage basis consistent with the function's use of resources. The allocation of support costs is shown in Note 10.

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

Costs of raising funds are those costs incurred in attracting voluntary income and those incurred in trading activities that raise funds, together with associated support costs.

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

Support costs are the costs of central functions that assist the work of the charity but do not directly undertake charitable activities. Governance costs relate to the costs associated with the governance of the charity and its assets and are primarily associated with the constitutional and statutory requirements and include an estimate of the cost of senior management time and other resources expended on long-term strategy and financial planning activities.

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2018

1. Principal accounting policies (continued)

Fund accounting

Unrestricted funds are income sources which are receivable for the objects of the charity without further specified purposes and are available as general funds.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of management and support costs.

Transfers from unrestricted funds are made to meet any shortfalls in restricted projects.

Tangible fixed assets

Fixed assets over £500 with a useful life of more than one year are capitalised and held at cost less accumulated depreciation and any provision for impairment.

Depreciation is provided to write off the cost of an asset, less its estimated residual value, over the anticipated useful economic life of that asset 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 cost less impairment.

Debtors

Trade debtors are amounts due from members for membership services and sponsorship. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally the invoiced amount, less any allowance for doubtful debts.

Cash and cash equivalents

Cash and cash equivalents is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired. Accounts payable are classified as creditors falling due within one year if payment is due within one year or less. If not, they are presented as creditors falling due after one year. Trade creditors are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2018

1. Principal accounting policies (continued)

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 FRS102. Contributions to the fund are determined by periodic actuarial valuations using the 'projected unit' method.

The charity also operates a NEST defined contribution pension scheme. Contributions payable by the charity are charged to the Statement of Financial Activities in the year to which they relate.

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 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.

Leases and hire purchase contracts

Rentals payable under operating leases are charged to expenditure on a straight line basis over the lease term.

Financial assets and liabilities

Financial instruments are recognised in the statement of financial position when the Charity becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are accounted for as set out below. A financing transaction is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective interest rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the Charity has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2018

2. Critical judgements and estimates

In preparing the financial statements trustees make estimates and assumptions which affect reported results, 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.

Critical judgements are made in the application of income recognition accounting policies, and the timing of the recognition of income in accordance with the Charities SORP (FRS 102).

3. Comparative Statement of Financial Activities

Group	2017 Unrestricted Funds £	2017 Restricted Funds £	Restated 2017 Total Funds £
Income and endowments from:			
Donations and legacies	355,971	743,653	1,099,624
Charitable activities	2,659,106	-	2,659,106
Other trading activities	1,028,576	-	1,028,576
Total	<u>4,043,653</u>	<u>743,653</u>	<u>4,787,306</u>
Expenditure on:			
Raising funds	932,339	46,951	979,290
Charitable activities	3,091,828	152,971	3,244,799
Total	<u>4,024,167</u>	<u>199,922</u>	<u>4,224,089</u>
Net income	19,486	543,731	563,217
Transfers between funds	(8,600)	8,600	-
Net movement in funds	10,886	552,331	563,217
Reconciliation of funds:			
Total funds brought forward	266,260	368,021	634,281
Total funds carried forward	<u>277,146</u>	<u>920,352</u>	<u>1,197,498</u>

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2018

3. Comparative Statement of Financial Activities (continued)

Company	2017 Unrestricted Funds £	2017 Restricted Funds £	Restated 2017 Total Funds £
Income and endowments from:			
Donations and legacies	355,971	743,653	1,099,624
Charitable activities	2,659,106	-	2,659,106
Other trading activities	445,609	-	445,609
Total	<u>3,460,686</u>	<u>743,653</u>	<u>4,204,339</u>
 Expenditure on:			
Raising funds	421,849	46,951	468,800
Charitable activities	3,091,828	152,971	3,244,799
Total	<u>3,513,677</u>	<u>199,922</u>	<u>3,713,599</u>
 Net (expenditure)/ income	 (52,991)	 543,731	 490,740
 Transfers between funds	 (8,600)	 8,600	 -
Net movement in funds	<u>(61,591)</u>	<u>552,331</u>	<u>490,740</u>
Reconciliation of funds:			
Total funds brought forward	146,908	368,021	514,929
Total funds carried forward	<u>85,317</u>	<u>920,352</u>	<u>1,005,696</u>

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2018

4. Income from donations and legacies

	Unrestricted funds £	Restricted funds £	2018 total £	Restated 2017 total £
Creative Scotland – Foundation funding	333,800	-	333,800	333,200
Creative Scotland – other	-	-	-	2,500
Perth & Kinross Council grants	-	73,764	73,764	90,571
The Monument Trust	-	-	-	-
Gannochy Trust	-	35,000	35,000	40,000
Northwood Charitable Trust	-	-	-	8,000
Big Lottery Fund – Let's dance	-	-	-	7,500
A&M Thompson CT	-	-	-	1,000
Angus Allnatt Charitable Foundation	-	-	-	1,000
Baldoukie Trust	-	-	-	1,000
The Leng Charitable Trust	-	-	-	1,000
Garfield Weston Foundation	-	-	-	100,000
Jimmy Cairncross Charitable Trust	-	-	-	25,000
SPFL Trust	-	-	-	2,400
The Cross Trust - Young Director Animals	-	35,700	35,700	-
The MacRobert Trust	-	31,475	31,475	-
Miller Hendry-Thomson Charitable Trust	-	25,000	25,000	-
Hugh Fraser Foundation	-	15,000	15,000	-
Bank of Scotland – Lets Dance	-	20,000	20,000	-
Visit Scotland – Southern Fried funding	-	9,600	9,600	-
The Dunard Fund	-	6,800	6,800	-
The Guildry Incorporation of Perth	-	-	-	100,000
The Robertson Trust	-	-	-	5,000
The Thomson Charitable Trust	-	-	-	150,000
Barcapel Trust	-	-	-	15,000
Wolfson Foundation	-	-	-	5,000
Foyle Foundation	-	-	-	50,000
Other	48,280	26,551	74,831	100,000
Group	382,080	278,890	660,970	1,099,624
Subsidiary donation	59,531	-	59,531	-
Company	441,611	278,890	720,501	1,099,624

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2018

5. Income from charitable activities

Group and company	Unrestricted funds £	Restricted funds £	2018 total £	2017 total £
Perth & Kinross Council service fees	1,186,480	-	1,186,480	1,186,480
Production and performance income	1,496,430	-	1,496,430	1,407,267
Creative learning and community projects	71,024	-	71,024	65,359
VAT Recovered	214,936	-	214,936	-
	<u>2,968,870</u>	<u>-</u>	<u>2,968,870</u>	<u>2,659,106</u>

6. Income from other trading activities

Group	Unrestricted funds £	Restricted funds £	2018 total £	2017 total £
Conference sales	194,726	-	194,726	205,298
Other retail, merchandising and commission income	224,770	-	224,770	190,294
Sponsorship income	44,750	-	44,750	50,017
Catering sales	686,329	-	686,329	582,967
	<u>1,150,575</u>	<u>-</u>	<u>1,150,575</u>	<u>1,028,576</u>

Company	Unrestricted funds £	Restricted Funds £	2018 total £	2017 total £
Conference sales	-	-	-	205,295
Other retail, merchandising and commission income	224,770	-	224,770	190,294
Sponsorship income	44,750	-	44,750	50,020
	<u>269,520</u>	<u>-</u>	<u>269,520</u>	<u>445,609</u>

7. Expenditure on raising funds

Group	Direct costs £	Support costs £	Governance costs £	Total 2018 £	Total 2017 £
Fundraising costs	88,007	87,084	3,417	178,508	146,218
Conference and other trading costs	18,762	319,160	10,250	348,172	322,582
Catering costs	709,843	-	-	709,843	510,490
	<u>816,612</u>	<u>406,244</u>	<u>13,667</u>	<u>1,236,523</u>	<u>979,290</u>

(Note 10) (Note 11)

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2018

7. Expenditure on raising funds (continued)

Company	Direct costs £	Support costs £	Governance costs £	Total 2018 £	Total 2017 £
Fundraising costs	88,007	87,084	3,417	178,508	146,218
Conference and other trading costs	18,762	319,160	10,250	348,172	322,582
	<u>106,769</u>	<u>406,244</u>	<u>13,667</u>	<u>526,680</u>	<u>468,800</u>
		(Note 10)	(Note 11)		

8. Expenditure on charitable activities

Group and company	Direct Costs £	Support Costs £	Governance costs £	Total 2018 £	Total 2017 £
Production and performances	1,206,618	2,117,721	51,251	3,375,590	2,936,176
Creative learning and community	66,644	220,764	3,417	290,825	308,623
	<u>1,273,262</u>	<u>2,338,485</u>	<u>54,668</u>	<u>3,666,415</u>	<u>3,244,799</u>
		(Note 10)	(Note 11)		

9. Other charitable expenditure – Transform Perth Theatre

All funding raised in relation to Transform Perth Theatre was donated to Perth and Kinross Council during year ended 31 March 2018. This was provided to Perth and Kinross Council to fund the refurbishment of Perth Theatre Hall, which was subsequently leased to Horsecross Arts Limited.

10. Support costs allocated to activities

Group and company	Raising funds £	Production and performances £	Creative learning and community £	Total 2018 £	Total 2017 £
Promotion, publicity & sales	4,964	234,294	1,356	240,614	194,708
Venue operations	197,302	607,946	57,275	862,523	735,699
Support services	203,978	1,275,481	162,133	1,641,592	1,397,694
	<u>406,244</u>	<u>2,117,721</u>	<u>220,764</u>	<u>2,744,729</u>	<u>2,328,101</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 2018

11. Governance costs allocated to activities

Group and company	Raising funds	Production and performances	Creative learning and community	Total 2018	Total 2017
	£	£	£	£	£
Accountancy and audit fees	2,201	8,261	551	11,013	13,500
Legal and professional	1,353	5,073	338	6,764	30,954
Wages and salaries	5,355	20,079	1,339	26,773	26,704
Other	4,519	16,944	1,129	22,592	24,712
Irrecoverable VAT	239	894	60	1,193	1,320
	<u>13,667</u>	<u>51,251</u>	<u>3,417</u>	<u>68,335</u>	<u>97,190</u>

12. Net movement of funds

This is stated after charging:	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Depreciation				
- tangible fixed assets	61,327	64,107	56,107	60,270
Operating lease payments	16,216	45,910	16,216	45,910
Auditor's remuneration – Audit fee	11,620	9,875	9,420	8,215
– Taxation services	2,040	5,425	1,000	4,405
– Other non-audit	5,100	5,818	5,100	5,318
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

13. Board members

Trustees were not paid, nor did they receive any other benefits from employment with the charity or its subsidiary, nor did they receive payment for professional or other services supplied to the charity (2017: £nil). No trustee (2017: None) was reimbursed for travel expenses incurred in connection with their duties as a trustee during the year.

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2018

14. Employees

Number of employees

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

	Group		Company	
	2018 number	2017 number	2018 number	2017 number
Catering	41	27	-	-
Encouragement of Performing Arts	108	97	108	97
Conferencing	2	2	2	2
	<u>151</u>	<u>126</u>	<u>110</u>	<u>99</u>

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

	Group		Company	
	2018 number	2017 number	2018 number	2017 number
Catering	19	11	-	-
Encouragement of Performing Arts	60	47	60	47
Conferencing	2	2	2	2
	<u>81</u>	<u>60</u>	<u>62</u>	<u>49</u>

Employment costs

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Wages and salaries	2,252,406	1,789,063	1,874,566	1,514,832
Social security costs	137,236	113,619	119,368	103,382
Pension costs	166,542	147,091	156,863	140,127
	<u>2,556,184</u>	<u>2,049,773</u>	<u>2,150,797</u>	<u>1,758,341</u>

One employee received total employee benefits (excluding employer pension costs) of more than £60,000 (2017: one). The amount fell within the £60,000 - £70,000 band (2017: £70,000 - £80,000 band). The employee received employer pension contributions during the year of £11,092.

The key management personnel of the group comprise the Chief Executive and the senior management team detailed on page 8. The employee benefits for key management, included within employment costs above, totalled £251,956 (2017: £403,969). The key management personnel received employer pension contributions during the year of £38,491 (2017: £63,961). The key management personnel changed following the appointment of the Interim Chief Executive during the current year.

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2018

15. Tangible fixed assets

Group	Land and buildings £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 April 2017	195,878	446,597	90,615	733,090
Additions	-	138,571	22,389	160,960
Disposals	-	(961)	-	(961)
At 31 March 2018	<u>195,878</u>	<u>584,207</u>	<u>113,004</u>	<u>893,089</u>
Depreciation				
At 1 April 2017	80,042	162,435	77,889	320,366
Charge for year	3,500	52,607	5,220	61,327
Disposals	-	(200)	-	(200)
At 31 March 2018	<u>83,542</u>	<u>214,842</u>	<u>83,109</u>	<u>381,493</u>
Net book value				
At 31 March 2018	<u>112,336</u>	<u>369,365</u>	<u>29,895</u>	<u>511,596</u>
At 31 March 2017	<u>115,836</u>	<u>284,162</u>	<u>12,726</u>	<u>412,724</u>
Company	Land and buildings £	Plant and machinery £	Total £	
Cost				
At 1 April 2017	195,878	446,597	642,475	
Additions	-	138,571	138,571	
Disposals	-	(961)	(961)	
At 31 March 2018	<u>195,878</u>	<u>584,207</u>	<u>780,065</u>	
Depreciation				
At 1 April 2017	80,042	162,435	242,477	
Charge for year	3,500	52,607	56,107	
Disposals	-	(200)	(200)	
At 31 March 2018	<u>83,542</u>	<u>214,842</u>	<u>298,384</u>	
Net book value				
At 31 March 2018	<u>112,336</u>	<u>369,364</u>	<u>481,701</u>	
At 31 March 2017	<u>115,836</u>	<u>284,162</u>	<u>399,998</u>	

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2018

16. Fixed asset investments

Company	Unlisted investments £
At 1 April 2017 and 31 March 2018	108,833

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

Whilst formally repayable on demand, the Horsecross Arts board considers the status of a £108,830 debtor balance due from Horsecross Trading Limited (formerly Perth Theatre Catering Services Limited) to be a form of long-term investment in the trading subsidiary. Accordingly, this balance has been accounted for as a fixed asset investment. The remaining £3 relates to three £1 ordinary shares held in Horsecross Trading Limited (formerly Perth Theatre Catering Services Limited).

Horsecross Trading Limited (formerly Perth Theatre Catering Services Limited), incorporated in Scotland, is a wholly-owned trading subsidiary of Horsecross Arts established to operate catering services on behalf of the group.

Net assets of Horsecross Trading Limited (formerly Perth Theatre Catering Services Limited) at 31 March 2018 totalled £303,513 (2017: £191,832) which comprised fixed assets of £29,895 (2017: £12,726), current assets of £368,531 (2017: £235,802), and liabilities of £94,913 (2017: £56,969). Relevant financial information regarding Horsecross Trading Limited (formerly Perth Theatre Catering Services Limited) for the year ended 31 March 2018 is as follows:

	2018 £	Restated 2017 £
Turnover	881,055	582,967
Cost of sales	(217,459)	(177,442)
Gross profit	663,596	405,525
Administrative expenses	(492,384)	(333,048)
Profit on ordinary activities before taxation	171,212	72,477
Tax on profit on ordinary activities	-	-
Profit for the financial year	171,212	72,477

A distribution under gift aid of £59,531 (2017: £nil) was paid to Horsecross Arts Limited during the year, based on the results for the year ended 31 March 2017.

Subsequent to changes in the guidance issued by the Charity Commission and the Institute of Chartered Accountants of England and Wales, the results for the year ended 31 March 2017 have been restated above to derecognise a donation under gift aid to the charitable parent of £59,531, which is now recognised as a distribution to the charitable parent during the year ended 3 March 2018.

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2018

17. Debtors

	Group		Company	
	2018 £	Restated 2017 £	2018 £	Restated 2017 £
Trade debtors	65,086	77,970	29,806	50,059
Amounts owed by parent undertaking	149,862	159,335	149,862	159,335
Other debtors	95,856	56,678	84,071	51,565
Prepayments and accrued income	229,853	263,578	229,853	263,579
	<u>540,657</u>	<u>557,561</u>	<u>493,592</u>	<u>524,538</u>

18. Cash and cash equivalents

	Group		Company	
	2018 £	2017 £	2017 £	2017 £
Cash at bank and in hand	263,459	1,239,235	159,336	1,087,191
	<u>263,459</u>	<u>1,239,235</u>	<u>159,336</u>	<u>1,087,191</u>

19. Creditors: amounts falling due within one year

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Trade creditors	150,961	165,607	118,930	144,496
Taxes and social security costs	122,496	57,888	75,253	32,831
Other creditors	369,596	256,630	368,804	246,103
Deferred income (note 20)	567,976	545,274	553,129	545,274
Amounts owed to group undertakings	-	-	305,787	146,801
	<u>1,211,029</u>	<u>1,025,399</u>	<u>1,421,903</u>	<u>1,115,505</u>

20. Deferred Income

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
At 1 April 2017	545,274	732,227	545,274	732,227
Released to incoming resources	(545,274)	(732,227)	(545,274)	(732,227)
Deferred in year	567,976	545,274	553,129	545,274
At 31 March 2018	<u>567,976</u>	<u>545,274</u>	<u>553,129</u>	<u>545,274</u>

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2018

20. Deferred Income (continued)

The current year deferred income balance comprises advanced ticket sales relating to amounts refundable should future performances not take place.

21. Financial assets and liabilities

	Group		Company	
	2018	Restated	2018	Restated
	£	2017	£	2017
		£		£
Financial assets that are debt instruments measured at amortised cost	696,735	1,737,910	546,133	1,553,773
Financial liabilities measured at amortised cost	535,404	422,237	793,521	537,400

Financial assets that are debt instruments measured at amortised cost comprise: cash & cash equivalents, trade debtors, other debtors, and amounts owed by group undertakings. Financial liabilities measured at amortised cost comprise: trade creditors, other creditors, and amounts owed to group undertakings.

22. 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 £145,825 (2017: £139,521).

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 FRS102. The cost recognised within the statement of financial activities is equal to the contributions payable to the scheme for the year.

During the prior year the company set up a separate 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 £11,038 (2017: £606).

	2018	2017
	£	£
Contributions payable by the company for the year	156,863	140,127

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2018

23. Restricted funds (Group and company)

	Movement in funds				Balance at 31 March 2018 £
	Balance at 1 April 2017 £ Restated	Incoming resources £	Resources expended £	Transfers £	
Capital fund	11,581	-	(3,502)	-	8,079
Margaret Morris Archive	(7,037)	-	(2,000)	-	(9,037)
PKC – Radio Microphones	6,829	-	(3,414)	-	3,415
Lets Dance	7,500	9,600	(7,572)	-	9,528
The Gannochy Trust	-	35,000	(35,000)	-	-
Transform Perth Theatre	896,694	96,333	(971,599)	-	21,428
PKC – Theatre Fit Out	-	20,239	(20,239)	-	-
Glasgow 2018	-	12,500	(1,414)	-	11,086
Young Director	-	35,700	-	-	35,700
Animals	-	31,475	(2,750)	-	28,725
Other restricted funds	4,785	38,044	(40,998)	3,952	5,782
	920,352	278,890	(1,088,488)	3,952	114,706

Capital fund

- This fund reflects the proportion of grants and donations received for fixed assets used in furtherance of charitable objects. The transfer reflects depreciation charged in respect of the assets.

Margaret Morris Archive

- Working in collaboration with Margaret Morris Movement International Ltd, we aim to bring to the public and artists-in-residence, the legacy of the dance pioneers contribution to Scotland's culture by giving access to her unchartered archive. The deficit on this fund will be met by funding which has been confirmed after the year-end.

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.

Let's Dance

- Let's Dance addresses the need for dance classes for adults with physical and learning disabilities and their carers. Regular sessions in Perth and Blairgowrie were previously funded by Awards for All Scotland – The Big Lottery Fund. Thanks to recent support from Bank of Scotland Foundation towards the cost of specialist dance tutors, these classes have continued and expanded to Crieff, opening up this creative opportunity to even more disabled adults across the region."

Talent Hub

- Funding provided by the Gannochy Trust for projects in connection with creative apprenticeship, work experience and performing arts skills development activities for young people in Perthshire.

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 £73,765 from Perth & Kinross Council and £25,000 from the MacRobert Trust.

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2018

23. Restricted funds (Group and company) (continued)

PKC – Theatre Fit Out

- Funding from PKC was received to support the various costs in relation to the opening of the newly refurbished Theatre.

Glasgow 2018

- Funding from Glasgow City Council, through Glasgow 2018 European Championships Festival Fund, towards the co-curation of New Order, Other Spaces – a major solo exhibition of photography, moving image, installation and performance exploring the gymnastic body and ideas of perfection by London-based artist Jo Longhurst.

Young Director

- Funding from The Cross Trust to support a talented young theatre director to propel their work on to the next level. The grant will support the chosen applicant to make the jump from traineeships and assisting to professional theatre directing. Involving young audiences from an early stage, the successful candidate will direct their first fully professional production in Perth Theatre's versatile new studio theatre."

Animals

- Award winning artist Greg Sinclair was awarded funding from Creative Scotland towards a new co-production with Perth Theatre for children aged 6+. Featuring live music, movement, film and pre-recorded audio, the show celebrates the relationships and bonds between humans and animals.

Other restricted funds

Throughout the year, the Charity receives a number of grants for various specific projects. Full details of the individual restricted funds are available on request from the registered address.

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2018

24. Analysis of net assets between funds

Group	Unrestricted Funds £	Restricted funds £	Total £
Fund balances at 31 March 2018 are represented by:			
Tangible fixed assets	500,102	11,494	511,596
Current assets	722,740	103,212	825,952
Creditors: amounts falling due within one year	(1,211,029)	-	(1,211,029)
	<u>11,813</u>	<u>114,706</u>	<u>126,519</u>
	<u><u>11,813</u></u>	<u><u>114,706</u></u>	<u><u>126,519</u></u>
Company	Unrestricted Funds £	Restricted funds £	Total £
Fund balances at 31 March 2018 are represented by:			
Tangible fixed assets	470,207	11,494	481,701
Investments	108,833	-	108,833
Current assets	551,166	103,212	654,378
Creditors: amounts falling due within one year	(1,421,903)	-	(1,421,903)
	<u>(291,697)</u>	<u>114,706</u>	<u>(176,991)</u>
	<u><u>(291,697)</u></u>	<u><u>114,706</u></u>	<u><u>(176,991)</u></u>

25. Reconciliation of net (expenditure)/ income to net cash flow from operating activities

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Net (expenditure)/ income for the reporting period (as per the statement of financial activities)	(1,070,979)	563,217	(1,182,660)	490,740
Adjustments for:				
Depreciation charges	61,327	64,107	56,107	60,270
Loss on sale of fixed assets	761	-	761	-
(Increase)/decrease in stocks	(8,459)	1,372	(836)	(614)
Decrease/(increase) in debtors	16,904	(230,334)	30,946	(230,078)
Increase/(decrease) in creditors	185,630	(257,484)	306,398	(187,909)
	<u>185,630</u>	<u>(257,484)</u>	<u>306,398</u>	<u>(187,909)</u>
Net cash (used in)/ provided by operating activities	<u><u>(814,816)</u></u>	<u><u>140,878</u></u>	<u><u>(789,284)</u></u>	<u><u>132,409</u></u>

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2018

26. Operating lease commitments

At 31 March 2018 the total commitments payable under non-cancellable operating leases was as follows:

Group and company	2018		2017	
	Land & buildings £	Other £	Land & buildings £	Other £
Operating leases which expire in 1 year	4,101	10,755	6,975	7,262
Operating leases which expire in 2 to 5 years	16,404	13,853	16,400	2,835
Operating leases which expire in over 5 years	110,725	-	114,800	-
	<u>131,230</u>	<u>24,608</u>	<u>138,175</u>	<u>10,097</u>

27. Related parties

The parent and ultimate controlling party is Perth & Kinross Council.

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.

Related party transactions and balances with Perth & Kinross Council are exempted from disclosure in accordance with paragraph 33.11(a) of FRS 102.

Balances and transactions between the company and its wholly-owned subsidiary, Perth Theatre Catering Services Limited, have been eliminated on consolidation in these group accounts and are exempted from disclosure in accordance with paragraph 1.12(e) of FRS 102.

28. 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.

29. Company status

Horsecross Arts is a company limited by guarantee and the contribution of members to the liability of the Company is restricted by the Memorandum and Articles of Association to a maximum of £1. The company is registered in Scotland.

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2018

30. Prior period restatement

Group and Charitable Company

During the year two restricted grants were received totalling £150,000. Horsecross Arts Limited was notified of these grants and also fulfilled all income recognition criteria of the charity SORP in the year ended 31 March 2017. The results for year ended 31 March 2017 have been restated to recognise these grants; this has resulted in an increase in grant income of £150,000, an increase in accrued income of £150,000 and subsequently an overall increase in restricted funds of £150,000 as at 31 March 2017.

Charitable Company

Subsequent to changes in the guidance issued by the Charity Commission and Institute of Chartered Accountants of England and Wales, the results for the year ended 31 March 2017 have been restated.

Within the Parent Charitable Company, we have derecognised a gif aid donation of £59,531, previously included in the year ended 31 March 2017 financial statements and this is now recognised in the Statement of Financial Activities as a donation in the year ended 31 March 2018.

This has resulted in a decrease income of £59,531, an increase in creditors of £59,531 and a decrease in net assets of £59,531 for the year ended 31 March 2017.

