



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 2019

HORSECROSS ARTS LIMITED

Trustees' Report and Consolidated Financial Statements

for the year ended 31 March 2019

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HORSECROSS ARTS LIMITED

Trustees' Annual Report

for the year ended 31 March 2019

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 2019.

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 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 22 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	23,141
Adults	2,054
Children & Young People	6,789

The Creative Learning programme continues to grow and develop as the team settles back into Perth Theatre, striving to bring people into the venues and to reach out into the community, delivering projects across the region.

2018-19 saw a strengthening of relationships between Perth Theatre and Perth and Kinross schools, with the team offering a variety of school engagement projects. Two of the largescale projects for primary schools were the Schools Set Design Challenge and the Amy Dickson *Take a Breath* project. These projects allowed 25 primary schools from across the region to connect with Perth Theatre, engaging over 850 young people in high quality arts provision. The Creative Learning team also delivered workshops in primary schools to support Perth Theatre panto *Snow White and the Seven Dames*.

The Creative Learning department engaged with all Perth and Kinross secondary schools during 2018-19 through various educational projects and workshops, linking to the main stage theatre programme. The introduction of a new Technical Skills offer gave secondary school pupils the opportunity to attend Perth Theatre for technical skills development training delivered by industry professionals and theatre companies such as Tortoise in a Nutshell. This project will be developed further with secondary school drama teachers during 2019-20.

Weekly Join In classes for young people saw an increase in numbers since September 2018. Several Perth Youth Theatre classes are at full capacity and as such two additional classes were launched to accommodate the demand for places (a fourth P4-7 class and a second S1-2 class). Rural Perth Youth Theatre relaunched in 2018 following a successful pilot project in 2016. The workshops, delivered in Alyth, Kinross and Kirkmichael, engage 90+ young people on a weekly basis.

The new designated Creative Learning spaces at Perth Theatre have allowed Join In members to get involved in events that tour to both Perth Theatre and Perth Concert Hall. Participants have benefitted from trips to theatre productions, masterclasses with industry professionals and performance opportunities. Most notably 50+ Join In members showcased their work at Interchange, Scotland's biennial training event for those who use drama and theatre in their work with young people, hosted at Perth Theatre in partnership with Youth Theatre Arts Scotland. This largescale international event offered the young people an opportunity to engage with adults working in the theatre sector, as well as developing their performance skills.

The Join In adults programme continues to offer workshops in singing, dance and music. Alongside the core programme of Horsecross Voices, Blow and Blast workshops, Carse Voices and Leven Voices, there was a continuation of the Keeeeeep Dancing programme which was launched in 2017. The sold-out programme of dance workshops has enabled adults to learn varying styles of dance such as ballet, Latin and contemporary. The Creative Learning team continues to provide opportunities for young people and adults who may not otherwise engage with Perth Theatre and Perth Concert Hall. Autism Youth Theatre in partnership with Perth Autism Support (PAS) continues to flourish with over 90 workshops delivered last year for young people aged 5-18yrs. Perth Theatre now offers weekly dance classes for young people with learning or physical disabilities. These classes are free of charge, making them fully accessible. The class which takes place in The Space at Perth Theatre is now at full capacity with a regular group of attendees. Over the last year, the team also offered a dance project in Fairview Primary school delivered by two professional dance artists, providing young people with mixed abilities an opportunity to learn new skills in an environment where they felt safe and supported.

Following the success of the singing project for adults with long term health conditions, which was delivered in partnership with Tayside Healthcare Arts Trust, Creative Learning has now launched a regular choir, offering the adults a weekly participatory arts project on a long-term basis. This provides adults an opportunity to develop skills as well as offering a space for social interaction and inclusion.

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Creative Learning continues to offer a variety of workshops for people aged 0-100yrs and the designated creative learning spaces at Perth Theatre have allowed for many projects to expand and develop which has ultimately had a positive effect with engagements and participations over the last year. Many of these programmes are supported by generous contributions from The Gannochy Trust and other trusts and foundations.

Cultural programme

Classical

Performances 67

Attendances 22,032

2018-19 saw the continuation of Horsecross Arts' collaboration with the Scottish Chamber Orchestra, the Royal Scottish National Orchestra and the Royal Scottish National Orchestra supported by The Gannochy Trust to increase access to classical music for young people in Perth and Kinross. The year included two large scale creative learning projects: The Scottish Chamber Orchestra performed *Sir Scallywag and the Golden Underpants*, a concert for upper primary school children with substantial musical activity both before and after the concert in the Perth Concert Hall foyer. Saxophonist Amy Dickson offered an introduction to classical music in the context of breathing exercises, aligning with the current focus on mental health in primary schools. The two projects saw 1200 primary children attend performances Perth Concert Hall. June saw a concert by the RSNO with the concerto prizewinning soloists from the Royal Conservatoire of Scotland.

The three orchestras brought Perth Concert Hall an excellent set of soloists and conductors of the highest international standard. In addition to the 6 core concerts of the Perth Concert Series there was a visit by the Russian State Symphony Orchestra and an RSNO Christmas Concert including *The Snowman* as well as the usual Viennese New Year Concert.

The Lunchtime Concerts series went from strength to strength with excellent attendances and 6 broadcasts from BBC Radio 3 who regard Perth Concert Hall as an important strategic partner. The series also included visits from the Hebrides Ensemble, Scottish Ensemble, Maxwell String Quartet and flautist Adam Walker. Horsecross Arts has developed a particularly close relationship with the world-class Dunedin Consort who performed Bach's *Art of Fugue* in September and Handel's *Messiah* in December.

The 6th season of Perth Piano Sundays once again brought some of the world's finest pianists to Perth Concert Hall including Viktoria Postnikova, Richard Goode, Steven Osborne and Jeremy Denk. The series also included a complete cycle of Mozart's Piano Sonatas performed by Peter Donohoe.

Opera was represented by a visit to Perth Theatre by Scottish Opera's Highlights Tour in the Autumn and a performance of Bizet's *Carmen* by Russian State Opera using the pit and stage of Perth Concert Hall to their maximum potential. The highlight of the opera provision, and perhaps the classical highlight of the year, was a visit by the acclaimed Opera North with Richard Strauss's *Salome* conducted by Richard Armstrong.

Contemporary music, comedy, family shows and variety acts

Performances 107

Attendances 57,034

Another busy musical year featured headline Perth Concert Hall shows from artists including Mike + The Mechanics, Marti Pellow, 10cc, First Aid Kit, The Osmonds and The Proclaimers along with Ricky Ross in Perth Theatre. Highlights were very well attended shows from two guitar icons playing their only Scottish dates in Perth; the virtuoso Australian entertainer Tommy Emmanuel and legendary English songwriter Richard Thompson. Gary Barlow's sold-out concert in April was technically one of the biggest productions ever staged in Perth Concert Hall and the first one-nighter to gross more than £100,000 in the venue. The show was extremely well received by a capacity crowd and the venue and team were highly praised by both the promoters and artist's staff.

There were solid houses for a broad range of light entertainment events across 2018-19 including Jane McDonald, Nathan Carter, Collabro, and a series of *Strictly* spin-off shows and tribute acts.

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The Monday Night Thing continued with spring and autumn seasons in its new home in the Joan Knight Studio at Perth Theatre with especially memorable evenings from Mary Coughlan and a very special theatrical presentation of her new album from singer-songwriter Kathryn Joseph. Standout nights in the *Celtic Sessions* series were a wonderful fiddle double bill in Perth Concert Hall with Duncan Chisholm and Martin Hayes at the beginning of May and a great house for Blazin' Fiddles with their special guest, Capercaillie vocalist Karen Matheson. The year ended with a real highlight when Perthshire musicians Ross Ainslie and Ali Hutton headlined a *Celtic Sessions* show in Perth Concert Hall with Horsecross Arts own celtic big band Gordon Duncan Experience. Presented under the *Celtic Sessions* banner on Sunday 11 November to commemorate 100 years since the end of WW1, *No Man's Land* surpassed the sum of its hugely talented parts in a deeply emotional performance that moved everyone present, onstage and off as the feedback received eloquently attests. The phenomenal band from Perth Concert Hall's *Made In Perthshire* tenth anniversary show reconvened with an international line up of singers - Karine Polwart, Blue Rose Code, Kris Drever, Declan O'Rourke, Raghu Dixit and ESKA.

Yet again, it seems that audience consensus was that 2018's Southern Fried was the best yet. It was certainly the best-selling, with all four Perth Concert Hall headline shows performing well above expectation and both afternoon shows in Perth Theatre full. There was a very solid line-up of artists, with several of them flown in specially, and a more cohesive mix of musical styles. Growth in social media following led to a sustained and targeted Facebook advertising campaign from announcement right through to the event. The restructured ticket package was more flexible, and the festival benefitted from its growing maturity within the local area and the Americana community.

The quality of performance across the weekend was exceptional with particular highlights being Rodney Crowell, dancing Canadian fiddler Gordie McKeeman and his band, Blue Rose Code performing with Southern Fried Voices community choir and the closing show where Gretchen Peters played with a string quartet led by local musician Patsy Reid.

Media feedback was also particularly strong this year:

"That a festival with the huge reputation of Southern Fried exists in Scotland outside of either of the country's two biggest cities is testament to just how much the four-day event has nailed what it does so perfectly." The Courier

Russell Brand's sell-out Perth Concert Hall show kicked off a strong year of comedy in early April followed by good houses for Jason Manford, Sarah Millican, Stewart Francis, Ed Byrne and Joe Lycett (another sell-out). There were well-attended performances in the theatre for Fred MacAulay, Daniel Sloss, Jimeoin and Bruce Fumme.

Drama

Performances 173

Attendances 17,857

Since reopening its doors in November 2017, Perth Theatre has welcomed the world back into its beautifully restored auditorium, new Joan Knight Studio, rehearsal rooms and public spaces. Artistic Director Lu Kemp has produced a diverse programme of work which has tapped into the old, repositioning it to reflect the world the venue has reopened into. The programme has focused on building relationships between audiences, visiting companies and artists.

One of the key changes since reopening, has been the Associate Artists initiative. As part of Horsecross Arts' vision to unite artists and audiences, hand-picked artists have been generating and delivering work within the theatre and around the area, showcasing the integrated approach to developing creative work before it reaches the stage. Artists and theatre makers Greg Sinclair and Clare Duffy worked closely with the Creative Learning team and primary and secondary schools around Perthshire to research and develop two brand new productions, *Animals* and *The Big Data Show*. *Animals* went on to receive Creative Scotland Open Project Funding (CS OPF) and toured Scotland following a premiere in Perth Theatre. *The Big Data Show* also received CS OPF to further develop its narrative with local secondary schools and is currently lined up to receive CS OPF to open in Perth Theatre in spring 2020 and tour around Scotland.

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Following a successful reopening season in Perth Theatre, the team took new show – *A Six Inch Layer of Topsoil and the Fact it Rains* – out on the road. Written by Kieran Hurley, this verbatim show, created from interviews with local farmers, was enjoyed by audiences in rural venues throughout Perthshire.

The autumn season kicked off with the final part of the Perth Theatre, National Theatre of Scotland and 14-18 NOW's *The 306* trilogy. Written by Oliver Emmanuel, composed by Gareth Williams and directed by Wils Wilson, *The 306: Dusk* transformed the Perth Theatre stage into a French forest where a young soldier, pregnant school teacher and war veteran's ghosts collide, all searching for hope and peace. The production was admired by audiences and critics alike with five-star reviews in *The Herald* and *The Stage*.

Following the success of the reopening pantomime Lu Kemp brought together the same creative team to deliver *Snow White and the Seven Dames* by Frances Poet. The show went down a storm with audiences of all ages, becoming the most successful Perth panto to date.

The spring season opened with The Cross Trust Young Director Award recipient Shilpa T-Hyland's production of *Miss Julie* in the Joan Knight Studio. The show then transferred to Tron Theatre and Studio at the Edinburgh Festival Theatre. Early March saw Kai Fischer's murky staging of Patrick Hamilton's *Gaslight* which included a striking performance by Esme Bayley, and Meg Fraser elevating the stage as famous detective Rough. Ian Brown returned to Scotland to direct *Lost at Sea* by Morna Young, taking this new piece of writing developed for mid-scale theatres to new heights. The much talked about and critically acclaimed production embarked on a national tour culminating at the opening of Dumfries and Galloway Arts Festival's 40th Anniversary.

Shows for kids and families included *The Polar Bears Go Up!* for under 5s which ran in the Joan Knight Studio alongside pantomime. Perth Theatre and Little Angel Theatre's co-production of *Prince Charming*, which ran across the Easter period, delighted and charmed children of 6 years and above.

Visiting shows, the National Theatre of Scotland's award-winning musical *Glasgow Girls* and Bristol Old Vic and the Lyceum's co-production of *Touching the Void* packed out the auditorium engaging new audience members, in particular local walking and climbing groups who had a particular interest in the story of Simon Yates in *Touching the Void*.

Several new Perthshire venues were added into the schedule to receive the 2019 touring production of *Marie* co-created by Sarah MacGillivray and Phil Bartlett and supported by Perth Theatre – a dark and funny story about Mary Queen of Scots ... sort of.

Contemporary Art

Group exhibitions	7
Solo exhibitions	6
New artists' commissions/acquisitions	20
Scottish and international artists exhibited	151

11 Million Reasons to Dance (24 Mar – 6 May 2018) was the first survey exhibition drawn from the Horsecross Arts collection featuring moving image works and limited-edition prints inspired by dance and choreography. It also included the first solo presentation in Scotland by photographer Sean Goldthorpe and culminated with a screen dance commission and acquisition of Janis Claxton's *Pop-up Duets (Fragments of Love)* as part of Perth Dance Festival.

The first solo exhibition in the UK by the acclaimed Dutch pioneer of video art Madelon Hooykaas, *Virtual Walls | Real Walls* (14 May – 26 Jul 2018) featured major new commissions, acquisitions, live performative drawing and a new issue of the *Read More* journal for critical writing.

New Order, Other Spaces (2 Aug – 22 Nov 2018) was a critically acclaimed solo exhibition in both Perth and Glasgow by Royal College of Art graduate Jo Longhurst. The exhibition launched at Kelvin Hall, Glasgow as part of Festival 2018 – the cultural programme accompanying the European Sports Championships. It featured newly commissioned and acquired works, two performance interventions by elite gymnasts and a sportsmanship and art symposium.

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From August to November *The John Byrne Award* brought together 34 selected entries from this independently funded national competition supporting 16-30-year-olds living in Scotland.

Artist Theresa Pickles undertook a residency at Perthshire Rugby Football Club resulting in pop-up exhibition *150* (21 Nov – 26 Nov 2018) to mark their 150th anniversary. This marked a distinct strand in the growing museum collection of contemporary art exploring sportsmanship and archives.

Let's End It (26 Nov – 4 Dec 2018) was the sixth annual contemporary art and activism pop-up exhibition engaging all Creative Industries students at Perth College, University of Highlands and Islands to create works in response to the global AIDS pandemic and the widespread HIV stigma.

Repertoire (26 Nov 2018 – 26 Feb 2019) celebrated the first anniversary of Perth Theatre's reopening with visuals by Richard Murphy Architects. It also featured works by Jolanta Dolewska and Debra Salem – the two artists who undertook their residencies at Perth Theatre Archive and Perth Theatre Memory Collective. Included were highlights from our second annual Panto Set Design Challenge involving primary schools across Perth and Kinross.

Flipstones (6 Dec 2018 – 14 Mar 2019) was the first solo show by established Perth poet Jim Mackintosh pairing 15 of his poems with 15 works from the Threshold artspace museum collection. The exhibition also included works by invited guests including Susie Johnston and Karine Polwart. The exhibition culminated in a new live dance, spoken word and electronica commission *Silver Alchemy* as part of Perth Dance Festival.

Primary school pupils bonded with local senior citizens over the sharing of post-war dance halls memories in *Are Ye Dancin?* (12 Dec 2018 – 14 March 2019). The exhibition was the outcome of a series of dance, drama, music and art workshops led by artists Helen Cuinn, Felicity Drever, Caroline Hussey, Michael Larkin and Peter Twyman and included 13 interviews with 10 senior partners, 3 radio plays and jigsaw memory drawings by 30 young people.

The fourth annual International Women's Day event *3G: 3 Generations of Women Artists Perform* (6-8 March 2019) started with a masterclass and on-site residency led by established performance artist Richard Layzell as part of Perth & Kinross Women's Festival

Perth Theatre production *Lost at Sea* was accompanied by *Fish-Work* (1 March – 27 June 2019, the first solo photography exhibition in Scotland by US artist and fisherman Corey Arnold. Perthshire Photographic Society came on board to run more frequent and on demand guided tours of the exhibition. The accompanying limited-edition photographic print on aluminium sold out. Limited-edition prints were also created for theatre production *Gaslight* with image by Mihaela Bodlovic as part of the *Collect + Support* initiative.

Ross Hogg (16 March- 27 June 2019)

BAFTA-award winning Scottish artist and filmmaker Ross Hogg's first solo show opened in March with the launch of new commission and acquisition *4:3* as part of Glasgow Short Film Festival, a new live dance version as part of Perth Dance Festival and an exhibition tour to VIS Vienna Shorts Festival. Perth Film Society got involved to run more frequent, on demand guided tours of the show.

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Conferencing and catering

Delegates	11667
Meetings	131
Awards ceremonies	10
Other events	28

This has been the first full year with Perth Theatre's new facilities available for a variety of different events. The Joan Knight Studio has received particularly good feedback from customers. Companies who used this space included the RNLI, The Gannochy Trust, Federation of Scottish Theatres, Firm Step, Association of Scottish Businesswomen, Perth & Kinross Council and SEPA – to name just a few.

Whilst some of the very large conferences, such as the EIS and political parties, did not take place in Perth Concert Hall this year, several new clients came on board. These included CHAS, Scottish Economics Society for a two day residential conference in April and again for the Youth event in November, NHS (AphA Scotland), SWI, Young Scot (part of Year of Young People), Scottish Thoracic Society, Care Inspectorate, SPORTA, Scotland China Network and Keep Scotland Beautiful with their two day Climate Challenge Fund conference.

Repeat business continued strongly with returning customers including Sport Scotland's Young Ambassadors' conference, Environmental Systems Research Institute, Youth Philanthropy Initiative, Peter Vardy, BIGGA, the list goes on. Regular annual events include Brass Band competitions, Concert Band Festival, British Natural Bodybuilding Competition, school prize givings and Perth College's Graduation.

The Frisson Foundation returned this year with the Glee Challenge, a competition aimed at primary schools from across Scotland. A hugely popular event held at Perth Concert Hall, it included three days of regional heats, the regional final and the national final.

In January BOSS Cheer & Dance brought participants from across Scotland to Perth Concert Hall for two days of cheerleading competitions.

The Joan Knight Studio was the venue of choice in May for *BBC Question Time* with live broadcast on BBC1 and the *Beechgrove Garden Question Time*, which was broadcast on BBC2 Scotland. It was an honour to be asked to host Scotland's annual theatre awards, the CATS, in the first year of opening.

The Visit brought 20 international music promoters to Perth to meet local musicians at a three-day showcase event and *MG Alba Scots Trad Music Awards* returned after a break of almost 10 years with their prestigious event which is also live broadcast on BBC Alba.

The catering team were exceptional this year with the first successful wedding at the theatre in October, followed by the prestigious Scottish Apprentice Awards in November, an all vegetarian dinner and lunch for the Climate Challenge Fund conference in December and finally in March St Johnstone FC Hall of Fame dinner, who returned after a two year break.

Development

The Development team continues to work in a positive, outward-looking manner, acknowledging the role it plays in raising the profile of Horsecross Arts artistic programme and creative learning activities, and building support from a variety of sources.

Support from core partners Perth & Kinross Council, Creative Scotland and The Gannochy Trust continues. Their financial assistance, expert advice, and collaborative approach is much appreciated, and these relationships will develop over the coming years.

Applications to various, trusts, foundations and funds for project funding have continued – this funding is required to deliver the commitment to engaging people of all ages and abilities, from different backgrounds and communities, in enriching artistic experiences and skill-building creative learning activities.

Projects supported this year include Celtic youth big band the Gordon Duncan Experience, the groundbreaking Perth Autism Youth Theatre, sensory packs for audience members with autism, youth singing

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ensemble Glee and its Gaelic counterpart Glè, Let's Dance dance sessions for children and adults with physical and learning disabilities, and the annual Perth Dance Festival.

Another focus over the last 12 months has been the continued development of meaningful engagement with individual supporters, with a view to encouraging ongoing commitment and investment. Donations have steadily increased, and the Development team believes that strengthening current relationships will facilitate the continuation of this trend.

Supporters have enjoyed exclusive opportunities to get closer to Perth Concert Hall and Perth Theatre, such as dining on stage at the concert hall, meeting acclaimed pianist Peter Donohoe, celebrating the launch of the Joan Knight Studio and the associated new commission fund, sitting in on a rehearsal of *The 306: Dusk* and visiting Perth Theatre's wardrobe to find out more about the design and costume-making process for *Gaslight*.

Local, national and international companies continue to have confidence in Horsecross Arts' ability to deliver exciting bespoke sponsorship packages. This year there were several unsolicited enquiries, indicating that the groundwork laid in previous years is starting to see results and that the strong reputation of Horsecross Arts is reaching other businesses.

The newly designed Introduction to Sponsorship provides information to interested parties more quickly and efficiently. Two new sponsors came on board and all renewing sponsors increased the level of their sponsorship, demonstrating their satisfaction with the quality of service they receive.

*Source SLA Report

^Figures also include dance, talks and film

Financial review

Total incoming group resources for the year were £5.517 million (2018 – £4.780 million) including restricted fund income of £165.9k (2018 - £278.9k).

The group net decrease on general funds was £176k (2018 – £265k) after expenditure of £5.492 million (2018 - £4.763 million) and outgoing fund transfers of £35k (2018 – £4.0k outgoing). Group net liabilities at 31 March 2019 were £145k (2018 – group net assets of £127k), of which £164k liability (2018 – £12k) relates to general funds and £19k (2018 – £115k) 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 22 to the financial statements). Net current liabilities stood at £605k (2018 – £385k) of which £238k was held in cash (2018 – £263k).

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 Company reported an operating profit for the year to 31 March 2019 of £210k (2018 – £171k), prior to a donation of £154k (2018: £60k) paid to Horsecross Arts as a distribution of profits earned in 2018.

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. 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 and conferencing 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.

General reserves at this date are reported as in deficit by £164k, which includes net current liabilities of £619k 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

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 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 and health & safety.

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. 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.

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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:

Jason Elles

Dr Magnus Linklater CBE (resigned 20 December 2019)

Lady Georgina Bullough (resigned 31 October 2019)

Patrick Elsmie (resigned 4 June 2018)

Stephanie Fraser (resigned 31 August 2019)

Charles Kinnoull (resigned 19 December 2019)

Alan Strachan (resigned 24 December 2019)

Anna Stapleton (resigned 20 December 2019)

Jeannine Mcvean – (appointed 17 December 2018) (resigned 31 August 2019)

Cllr Calum Purves (Perth & Kinross Council nominee) (appointed 2 September 2019)

Cllr Murray Lyle (Perth & Kinross Council nominee) (appointed 28 January 2020)

Cllr Stewart Donaldson (Perth & Kinross Council nominee) (appointed 28 January 2020)

Cllr Willie Robertson (Perth & Kinross Council nominee) (resigned 18 December 2019)

Cllr Henry Coates (Perth & Kinross Council nominee) (resigned 2 September 2019)

Cllr John Rebbeck (Perth & Kinross Council nominee) (resigned 16 December 2019)

Secretary

Michael Griffiths (to 28 June 2019)

Key management personnel

Nick Williams

Michael Griffiths

Peter Hood

Michaela Anderson

Lu Kemp

Chief Executive (from 2 December 2019)

Interim Chief Executive (to 28 June 2019)

Head of Venues

Head of Conference and Events

Artistic Director - Theatre

Registered Office

Perth Concert Hall

Mill Street

Perth

PH1 5HZ

Auditor

Scott-Moncrieff Audit Services

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 2019

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:

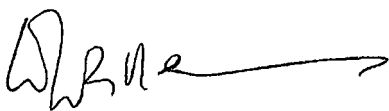
- so far as the trustees are aware, there is no relevant information of which the charity's auditor is unaware; and
- each trustee has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the charity's auditor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

Auditor

The appointed auditor, Scott-Moncrieff, tendered their resignation during 2019 and were replaced by Scott-Moncrieff Audit Services. Scott-Moncrieff Audit Services have expressed their willingness to continue in office as auditor and will be proposed for re-appointment at the Annual General Meeting.

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) 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 31 January 2020 and signed on its behalf by:



Jason Elles
Trustee

HORSECROSS ARTS LIMITED

Independent Auditor's Report to the Members and Trustees

for the year ended 31 March 2019

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 2019 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 2019 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 2019

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 12, 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 2019

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.

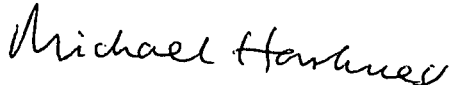
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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, Senior Statutory Auditor

For and on behalf of

Scott-Moncrieff Audit Services, 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

31 January 2020

HORSECROSS ARTS LIMITED

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

for the year ended 31 March 2019

	Note	Unrestricted Funds £	Restricted Funds £	2019 Total Funds £	2018 Total Funds £
Income and endowments from:					
Donations and legacies	4	575,463	165,868	741,331	660,970
Charitable activities	5	3,319,045	-	3,319,045	2,968,870
Other trading activities	6	1,456,357	-	1,456,357	1,150,575
Total		<u>5,350,865</u>	<u>165,868</u>	<u>5,516,733</u>	<u>4,780,415</u>
Expenditure on:					
Raising funds	7	1,455,617	7,510	1,463,127	1,236,523
Charitable activities	8	4,035,960	289,576	4,325,536	3,666,415
Other – Transform Perth Theatre	9	-	-	-	948,456
Total		<u>5,491,577</u>	<u>297,086</u>	<u>5,788,663</u>	<u>5,851,394</u>
Net expenditure	12	(140,712)	(131,218)	(271,930)	(1,070,979)
Transfers between funds		(35,134)	35,134	-	-
Net movement in funds		(175,846)	(96,084)	(271,930)	(1,070,979)
Reconciliation of funds:					
Total funds brought forward		11,813	114,706	126,519	1,197,498
Total funds carried forward		<u>(164,033)</u>	<u>18,622</u>	<u>(145,411)</u>	<u>126,519</u>

All activities relate to continuing operations.

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

The notes on pages 21 to 40 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 2019

	Note	Unrestricted Funds £	Restricted Funds £	2019 Total Funds £	2018 Total Funds £
Income and endowments from:					
Donations and legacies	4	729,863	165,868	895,731	720,501
Charitable activities	5	3,319,045	-	3,319,045	2,968,870
Other trading activities	6	307,748	-	307,748	269,520
Total		<u>4,356,656</u>	<u>165,868</u>	<u>4,522,524</u>	<u>3,958,891</u>
Expenditure on:					
Raising funds	7	517,049	7,510	524,559	526,680
Charitable activities	8	4,035,960	289,576	4,325,536	3,666,415
Other – Transform Perth Theatre	9	-	-	-	948,456
Total		<u>4,553,009</u>	<u>297,086</u>	<u>4,850,095</u>	<u>5,141,551</u>
Net expenditure	12	(196,353)	(131,218)	(327,571)	(1,182,660)
Transfers between funds		(35,134)	35,134	-	-
Net movement in funds		(231,487)	(96,084)	(327,571)	(1,182,660)
Reconciliation of funds:					
Total funds brought forward		(291,697)	114,706	(176,991)	1,005,669
Total funds carried forward		<u>(523,184)</u>	<u>18,622</u>	<u>(504,562)</u>	<u>(176,991)</u>

All activities relate to continuing operations.

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

The notes on pages 21 to 40 form part of these financial statements

HORSECROSS ARTS LIMITED

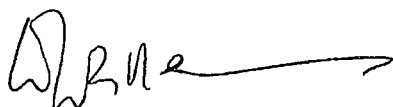
Group Balance Sheet

as at 31 March 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	15		459,379		511,596
Current assets					
Stocks		20,757		21,836	
Debtors and prepayments	17	504,794		540,657	
Cash at bank and in hand		237,776		263,459	
		<u>763,327</u>		<u>825,952</u>	
Liabilities					
Creditors: amounts falling due within one year	18	<u>(1,368,117)</u>		<u>(1,211,029)</u>	
Net current liabilities			(604,790)		(385,077)
Total net assets/(liabilities)	23		<u>(145,411)</u>		<u>126,519</u>
The funds of the charity:					
Restricted funds	22		18,622		114,706
Unrestricted funds			(164,033)		11,813
			<u>(145,411)</u>		<u>126,519</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 31 January 2020 and signed on behalf of the board by:



Jason Elles
Trustee

Company Registration No. SC301328

The notes on pages 21 to 40 form part of these financial statements

HORSECROSS ARTS LIMITED

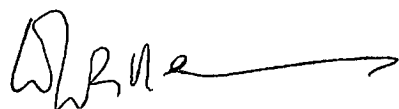
Company Balance Sheet

as at 31 March 2019

		2019		2018	
Notes	£	£	£	£	£
Fixed assets					
Tangible assets	15		434,256		481,701
Investments	16		3		108,833
			434,259		590,534
 Current assets					
Stock		1,450		1,450	
Debtors and prepayments	17	418,931		493,592	
Cash at bank and in hand		100,547		159,336	
		520,928		654,378	
 Liabilities					
Creditors: amounts falling due within one year	18	(1,459,749)		(1,421,903)	
 Net current liabilities			(938,821)		(767,525)
 Total net liabilities	23		(504,562)		(176,991)
 The funds of the charity:					
Restricted funds	22		18,622		114,706
Unrestricted funds			(523,184)		(291,697)
			(504,562)		(176,991)

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 31 January 2020 and signed on behalf of the board by:



Jason Elles
Trustee

Company Registration No. SC301328

The notes on pages 21 to 40 form part of these financial statements

HORSECROSS ARTS LIMITED

Consolidated and Parent Statement of Cash Flows

as at 31 March 2019

	Notes	Group		Company	
		2019 £	2018 £	2019 £	2018 £
Cash flows from operating activities:					
Net cash provided by/(used in) operating activities	24	1,339	(814,816)	(34,762)	(789,284)
Cash flows from investing activities:					
Purchase of property, plant and equipment		(27,022)	(160,960)	(24,027)	(138,571)
<hr/>					
Change in cash and cash equivalents in the reporting period		(25,683)	(975,776)	(58,789)	(927,855)
Cash and cash equivalents at the beginning of the period		263,459	1,239,235	159,336	1,087,191
<hr/>					
Cash and cash equivalents at the end of the reporting period		<u>237,776</u>	<u>263,459</u>	<u>100,547</u>	<u>159,336</u>

The notes on pages 21 to 40 form part of these financial statements

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

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.

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 conferencing and 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)', 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 2019

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 (company number SC081948, registered in Scotland) on a line by line basis. The charitable company together with Horsecross Trading Limited comprises the Group. The registered address is Perth Concert Hall, Mill Street, Perth, PH1 5HZ.

As described in note 26, 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

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.

An additional £180,000, of which £130,000 has been received to date, to eliminate the accumulated reserves deficit was approved by the Council in February 2019, subject to meeting the following conditions:

- The establishment of a Joint Advisory Group (JAG), initially for 12 months, to oversee improvements in health & safety, financial management, operational efficiency, programming/marketing and governance & accountability.
- The Horsecross Board is to work constructively with the JAG to effect improvements.
- Horsecross Arts are to appear before PKC Scrutiny Committee on a quarterly basis to report on improvement progress.

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. 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.

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2019

1. Principal accounting policies (continued)

Recognition and allocation of income (continued)

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

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 2019

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 represents the share capital of the subsidiary.

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 are 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 2019

1. Principal accounting policies (continued)

Pensions

The charity is a member of the Tayside Pension 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 2019

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 2018	2018 Unrestricted Funds £	2018 Restricted Funds £	2018 Total Funds £
Income and endowments from:			
Donations and legacies	382,080	278,890	660,970
Charitable activities	2,968,870	-	2,968,870
Other trading activities	1,150,575	-	1,150,575
	<u>4,501,525</u>	<u>278,890</u>	<u>4,780,415</u>
Total			
Expenditure on:			
Raising funds	1,224,613	11,910	1,236,523
Charitable activities	3,538,293	128,122	3,666,415
	-	948,456	948,456
	<u>4,762,906</u>	<u>1,088,488</u>	<u>5,851,394</u>
Total			
Net expenditure	(261,381)	(809,598)	(1,070,979)
Transfers between funds	(3,952)	3,952	-
	<u>(265,333)</u>	<u>(805,646)</u>	<u>(1,070,979)</u>
Net movement in funds			
Reconciliation of funds:			
Total funds brought forward	277,146	920,352	1,197,498
	<u>11,813</u>	<u>114,706</u>	<u>126,519</u>
Total funds carried forward			

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2019

3. Comparative Statement of Financial Activities (continued)

Company 2018	2018 Unrestricted Funds £	2018 Restricted Funds £	2018 Total Funds £
Income and endowments from:			
Donations and legacies	441,611	278,890	720,501
Charitable activities	2,968,870	-	2,968,870
Other trading activities	269,520	-	269,520
	<u>3,680,001</u>	<u>278,890</u>	<u>3,958,891</u>
Total			
Expenditure on:			
Raising funds	514,770	11,910	526,680
Charitable activities	3,538,293	128,122	3,666,415
	-	948,456	948,456
	<u>4,053,063</u>	<u>1,088,488</u>	<u>5,141,551</u>
Total			
Net expenditure	(373,062)	(809,598)	(1,182,660)
Transfers between funds	(3,952)	3,952	-
	<u>(377,014)</u>	<u>(805,646)</u>	<u>(1,182,660)</u>
Net movement in funds			
Reconciliation of funds:			
Total funds brought forward	85,317	920,352	1,005,669
	<u>(291,697)</u>	<u>114,706</u>	<u>(176,991)</u>
Total funds carried forward			

4. Income from donations and legacies

2019	Unrestricted funds £	Restricted funds £	2019 total £
Creative Scotland – Foundation funding	533,000	-	533,000
Perth & Kinross Council grants	-	20,980	20,980
Gannochy Trust	-	72,265	72,265
Northwood Charitable Trust	-	8,000	8,000
Margaret Morris Movement	-	7,500	7,500
Scottish Chamber Orchestra	-	8,500	8,500
Miller Hendry-Thomson Charitable Trust	-	15,000	15,000
Other	42,463	33,623	76,086
	<u>575,463</u>	<u>165,868</u>	<u>741,331</u>
Group			
Subsidiary donation	154,400	-	154,400
	<u>729,863</u>	<u>165,868</u>	<u>895,731</u>
Company			

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2019

4. Income from donations and legacies (continued)

2018	Unrestricted funds £	Restricted funds £	2018 total £
Creative Scotland – Foundation funding	333,800	-	333,800
Perth & Kinross Council grants	-	73,764	73,764
Gannochy Trust	-	35,000	35,000
The Cross Trust - Young Director	-	35,700	35,700
Animals	-	31,475	31,475
The MacRobert Trust	-	25,000	25,000
Miller Hendry-Thomson Charitable Trust	-	15,000	15,000
Hugh Fraser Foundation	-	20,000	20,000
Bank of Scotland – Lets Dance	-	9,600	9,600
Visit Scotland – Southern Fried funding	-	6,800	6,800
Other	48,280	26,551	74,831
Group	382,080	278,890	660,970
Subsidiary donation	59,531	-	59,531
Company	441,611	278,890	720,501

5. Income from charitable activities

Group and company	2019 total unrestricted £	2018 total unrestricted £
Perth & Kinross Council service fees	1,211,480	1,186,480
Production and performance income	2,041,933	1,496,430
Creative learning and community projects	65,632	71,024
VAT Recovered	-	214,936
	3,319,045	2,968,870

6. Income from other trading activities

Company	2019 total unrestricted £	2018 total unrestricted £
Other retail, merchandising and commission income	270,331	224,770
Sponsorship income	37,417	44,750
Company	307,747	269,520
Conference sales	233,801	194,726
Catering sales	914,808	686,329
Group	1,456,357	1,150,575

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2019

7. Expenditure on raising funds

2019	Direct costs £	Support costs £	Governance costs £	Total 2019 £
Fundraising costs	68,669	79,201	4,067	151,937
Other trading costs	22,484	337,937	12,201	372,622
Company	91,153	417,138	16,268	524,559
Catering costs	938,568	-	-	938,568
Group	1,029,721	417,138	16,268	1,463,127
		(Note 10)	(Note 11)	
2018	Direct costs £	Support costs £	Governance costs £	Total 2018 £
Fundraising costs	88,007	87,084	3,417	178,508
Conference and other trading costs	18,762	319,160	10,250	348,172
Company	106,769	406,244	13,667	526,680
Catering costs	709,843	-	-	709,843
Group	816,612	406,244	13,667	1,236,523
		(Note 10)	(Note 11)	

8. Expenditure on charitable activities

2019	Direct Costs £	Support Costs £	Governance costs £	Total 2019 £
Group and company				
Production and performances	1,477,658	2,430,164	61,005	3,968,827
Creative learning and community	114,192	238,450	4,067	356,709
	1,591,850	2,668,614	65,072	4,325,536
		(Note 10)	(Note 11)	
2018	Direct Costs £	Support Costs £	Governance costs £	Total 2018 £
Group and company				
Production and performances	1,206,618	2,117,721	51,251	3,375,590
Creative learning and community	66,644	220,764	3,417	290,825
	1,273,262	2,338,485	54,668	3,666,415
		(Note 10)	(Note 11)	

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2019

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

2019	Raising funds	Production and performances	Creative learning and community	Total 2019
Group and company	£	£	£	£
Promotion, publicity & sales	2,089	263,796	2,089	267,974
Venue operations	255,268	744,552	67,288	1,067,108
Support services	159,781	1,421,816	169,073	1,750,670
	<u>417,138</u>	<u>2,430,164</u>	<u>238,450</u>	<u>3,085,752</u>
	<u><u>417,138</u></u>	<u><u>2,430,164</u></u>	<u><u>238,450</u></u>	<u><u>3,085,752</u></u>
2018	Raising funds	Production and performances	Creative learning and community	Total 2018
Group and company	£	£	£	£
Promotion, publicity & sales	4,964	234,294	1,356	240,614
Venue operations	197,302	607,946	57,275	862,523
Support services	203,978	1,275,481	162,133	1,641,592
	<u>406,244</u>	<u>2,117,721</u>	<u>220,764</u>	<u>2,744,729</u>
	<u><u>406,244</u></u>	<u><u>2,117,721</u></u>	<u><u>220,764</u></u>	<u><u>2,744,729</u></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.

11. Governance costs allocated to activities

2019	Raising funds	Production and performances	Creative learning and community	Total 2019
Group and company	£	£	£	£
Accountancy and audit fees	1,767	6,633	442	8,842
Legal and professional	4,471	16,766	1,118	22,355
Wages and salaries	4,799	17,994	1,200	23,993
Other	4,924	18,460	1,230	24,614
Irrecoverable VAT	307	1,152	77	1,536
	<u>16,268</u>	<u>61,005</u>	<u>4,067</u>	<u>81,340</u>
	<u><u>16,268</u></u>	<u><u>61,005</u></u>	<u><u>4,067</u></u>	<u><u>81,340</u></u>

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2019

11. Governance costs allocated to activities (continued)

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

12. Net expenditure

This is stated after charging:	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Depreciation - tangible fixed assets	79,239	61,327	71,472	56,107
Operating lease payments	9,859	16,216	9,859	16,216
Auditor's remuneration:				
– Audit fee	12,030	11,620	8,700	9,420
– Taxation services	2,040	2,040	1,000	1,000
– Other non-audit	5,816	5,100	5,816	5,100
	<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 (2018: £nil). No trustee (2018: None) was reimbursed for travel or other expenses incurred in connection with their duties as a trustee during the year.

14. Employees

Number of employees

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

	Group		Company	
	2019	2018	2019	2018
	number	number	number	number
Catering	46	41	-	-
Encouragement of Performing Arts	116	108	116	108
Conferencing	2	2	2	2
	<u>164</u>	<u>151</u>	<u>118</u>	<u>110</u>

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2019

14. Employees (continued)

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

	Group		Company	
	2019 number	2018 number	2019 Number	2018 number
Catering	26	19	-	-
Encouragement of Performing Arts	64	60	64	60
Conferencing	2	2	2	2
	92	81	66	62
	92	81	66	62

Employment costs

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Wages and salaries	2,563,052	2,252,406	2,050,425	1,874,566
Social security costs	157,978	137,236	133,751	119,368
Pension costs	156,257	166,542	144,711	156,863
	2,877,287	2,556,184	2,328,887	2,150,797
	2,877,287	2,556,184	2,328,887	2,150,797

One employee received total employee benefits (excluding employer pension costs) of more than £60,000 (2018: one). The amount fell within the £70,000 - £80,000 band (2018: £60,000 - £70,000 band). The employee received employer pension contributions during the year of £nil.

The key management personnel of the group comprise the Chief Executive and the senior management team detailed on page 11. The total employee benefits for key management, included within employment costs above, totalled £272,186 (2018: £290,448).

15. Tangible fixed assets

Group	Leasehold property £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 April 2018	195,878	584,207	113,004	893,089
Additions	-	24,027	2,995	27,022
	195,878	608,234	115,999	920,111
At 31 March 2019	195,878	608,234	115,999	920,111
Depreciation				
At 1 April 2018	83,542	214,842	83,109	381,493
Charge for year	3,500	67,972	7,767	79,239
	87,042	282,814	90,876	460,732
At 31 March 2019	87,042	282,814	90,876	460,732
Net book value				
At 31 March 2019	108,836	325,420	25,123	459,379
At 31 March 2018	112,336	369,365	29,895	511,596
	112,336	369,365	29,895	511,596

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2019

15. Tangible fixed assets (continued)

Company	Leasehold property £	Plant and machinery £	Total £
Cost			
At 1 April 2018	195,878	584,207	780,085
Additions	-	24,027	24,027
At 31 March 2019	<u>195,878</u>	<u>608,234</u>	<u>804,112</u>
Depreciation			
At 1 April 2018	83,542	214,842	298,384
Charge for year	3,500	67,972	71,472
At 31 March 2019	<u>87,042</u>	<u>282,814</u>	<u>369,856</u>
Net book value			
At 31 March 2019	<u>108,836</u>	<u>325,420</u>	<u>434,256</u>
At 31 March 2018	<u>112,336</u>	<u>369,364</u>	<u>481,701</u>

16. Fixed asset investments

Company	Unlisted investments £
At 1 April 2018	108,833
Reclassification	(108,830)
At 31 March 2019	<u>3</u>

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

Whilst formally repayable on demand, the Horsecross Arts board previously considered the status of a £108,830 debtor balance due from Horsecross Trading Limited to be a form of long-term investment in the trading subsidiary. Accordingly, this balance was previously accounted for as a fixed asset investment. In light of the performance of the trading subsidiary in recent years, the Board has reclassified this balance as a current debtor balance. The remaining £3 relates to three £1 ordinary shares held in Horsecross Trading Limited.

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2019

16. Fixed asset investments (continued)

Net assets of Horsecross Trading Limited at 31 March 2019 totalled £359,153 (2018: £303,513) which comprised fixed assets of £25,123 (2018: £29,895), current assets of £437,376 (2018: £368,531), and liabilities of £103,346 (2018: £94,913). Relevant financial information regarding Horsecross Trading Limited for the year ended 31 March 2019 is as follows:

	2019	2018
	£	£
Turnover	1,148,609	881,055
Cost of sales	(281,317)	(217,459)
Gross profit	867,292	663,596
Administrative expenses	(657,251)	(492,384)
Profit on ordinary activities before taxation	210,040	171,212
Tax on profit on ordinary activities	-	-
Profit for the financial year	210,040	171,212

A distribution under gift aid of £154,400 (2018: £59,531) was paid to Horsecross Arts Limited during the year, based on the results for the year ended 31 March 2018.

17. Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	86,793	65,086	8,761	29,806
Amounts owed by parent undertaking	115,860	149,862	115,860	149,862
Other debtors	80,705	95,856	72,874	84,071
Prepayments and accrued income	221,436	229,853	221,436	229,853
	504,794	540,657	418,931	493,592
	504,794	540,657	418,931	493,592

18. Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	231,909	150,961	192,700	118,930
Taxes and social security costs	145,122	122,496	93,758	75,253
Other creditors	353,538	369,596	352,745	368,804
Deferred income (note 19)	637,548	567,976	625,568	553,129
Amounts owed to group undertakings	-	-	194,978	305,787
	1,368,117	1,211,029	1,459,749	1,421,903
	1,368,117	1,211,029	1,459,749	1,421,903

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2019

19. Deferred Income

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
At 1 April 2018	567,976	545,274	553,129	545,274
Released to incoming resources	(567,976)	(545,274)	(553,129)	(545,274)
Deferred in year	637,548	567,976	625,568	553,129
At 31 March 2019	<u>637,548</u>	<u>567,976</u>	<u>625,568</u>	<u>553,129</u>

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

20. Financial assets and liabilities

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Financial assets that are debt instruments measured at amortised cost	<u>697,106</u>	<u>696,735</u>	<u>454,707</u>	<u>546,133</u>
Financial liabilities measured at amortised cost	<u>585,447</u>	<u>535,404</u>	<u>740,423</u>	<u>793,521</u>

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.

21. Pension and other post-retirement commitments

Horsecross Arts Limited is a member of the Tayside Pension Fund, a defined benefit scheme with the assets held in separate trustee administered funds. Contributions payable by the company to the scheme amounted to £121,343 (2018: £145,825).

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.

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 £23,368 (2018: £11,038).

	2019 £	2018 £
Contributions payable by the group for the year	<u>156,257</u>	<u>166,542</u>

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2019

22. Restricted funds (Group and company)

2019

	Movement in funds				Balance at 31 March 2019 £
	Balance at 1 April 2018 £	Incoming resources £	Resources expended £	Transfers £	
Capital fund	8,079	-	(3,502)	-	4,577
Margaret Morris Archive	(9,037)	7,500	-	1,537	-
PKC – Radio Microphones	3,415	-	(3,415)	-	-
Lets Dance	9,528	3,600	(13,203)	75	-
The Gannochy Trust	-	72,265	(72,265)	-	-
Transform Perth Theatre	21,428	15,000	(276)	(36,152)	-
Glasgow 2018	11,086	12,500	(27,953)	4,367	-
Young Director	35,700	-	(80,229)	44,529	-
Animals	28,725	1,000	(44,062)	14,337	-
CiTay	-	12,000	(12,000)	-	-
Other restricted funds	5,782	42,003	(40,181)	6,441	14,045
	<u>114,706</u>	<u>165,868</u>	<u>(297,086)</u>	<u>35,134</u>	<u>18,622</u>

2018

	Movement in funds				Balance at 31 March 2018 £
	Balance at 1 April 2017 £	Incoming resources £	Resources expended £	Transfers £	
	Restated				
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
	<u>920,352</u>	<u>278,890</u>	<u>(1,088,488)</u>	<u>3,952</u>	<u>114,706</u>

Capital fund

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

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2019

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

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 donation received during the year towards our joint project with Perth & Kinross Council to refurbish and re-develop Perth Theatre. All funds utilised to fund capitalised expenditure incurred prior to 1 April 2018.

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.

CiTay

– Funding from EventScotland through Perth and Kinross Council towards Horsecross Arts' contribution to Diverse CiTAY – Perth's bespoke Year of Young People festival. Horsecross Arts delivered a 'Perth Theatre Takeover' by young people, with a gig for kids, artists workshops, arts and crafts, a dance programme and an after-party.

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 2019

23. Analysis of net assets/(liabilities) between funds

2019 Group	Unrestricted Funds £	Restricted funds £	Total £
Fund balances at 31 March 2019 are represented by:			
Tangible fixed assets	454,802	4,577	459,379
Current assets	749,282	14,045	763,327
Creditors: amounts falling due within one year	(1,368,117)	-	(1,368,117)
	<u>(164,033)</u>	<u>18,622</u>	<u>(145,411)</u>

2019 Company	Unrestricted Funds £	Restricted funds £	Total £
Fund balances at 31 March 2019 are represented by:			
Tangible fixed assets	429,679	4,577	434,256
Investments	3	-	3
Current assets	506,883	14,045	520,928
Creditors: amounts falling due within one year	(1,459,749)	-	(1,459,719)
	<u>(523,184)</u>	<u>18,622</u>	<u>(504,562)</u>

2018 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>

2018 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>

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2019

24. Reconciliation of net (expenditure) to net cash flow from operating activities

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Net expenditure for the reporting period (as per the statement of financial activities)	(271,930)	(1,070,979)	(327,571)	(1,182,660)
Adjustments for:				
Depreciation charges	79,239	61,327	71,472	56,107
Loss on sale of fixed assets	-	761	-	761
Decrease/(increase) in stocks	1,079	(8,459)	-	(836)
Decrease in debtors	35,863	16,904	74,661	30,946
Increase in creditors	157,088	185,630	146,676	306,398
Net cash provided by/(used in) operating activities	<u>1,339</u>	<u>(814,816)</u>	<u>(34,762)</u>	<u>(789,284)</u>

25. Operating lease commitments

At 31 March 2019 the total commitments payable under non-cancellable operating leases was as follows:

Group and company	2019		2018	
	Land & buildings £	Other £	Land & buildings £	Other £
Operating leases which expire in 1 year	4,101	5,937	4,101	10,755
Operating leases which expire in 2 to 5 years	16,404	-	16,404	13,853
Operating leases which expire in over 5 years	106,624	-	110,725	-
	<u>127,129</u>	<u>5,937</u>	<u>131,230</u>	<u>24,608</u>

26. 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.

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2019

26. Related parties (continued)

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, Horsecross Trading 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.

27. 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.

28. 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.

29. Post balance sheet events

On 17 April 2019 the Strategic Policy & Resources Committee of Perth & Kinross Council agreed that Council officers be directed to complete a full business case and timeline for a single delivery model for culture which included an option that Horsecross Arts would merge with Culture Perth and Kinross into a single cultural trust. Further consideration of the options will be made by the Council in April 2020.

On 20 June 2019 Perth & Kinross Council issued a Notice Providing Direction under article 86A of the Articles of Association. The Notice stated that the role of the Joint Advisory Group (JAG) was to develop an appropriate and adequate recovery plan (or plans) to support the Board and staff to implement the identified actions and to monitor and report on progress to the Council.

The Trustees wrote on 9 July 2019 to the Office of the Scottish Charity Regulator informing them of these matters as it considered them to be a notifiable event.

The Board have accepted the conditions and is currently working with the JAG to ensure the recovery and the long-term sustainability of Horsecross Arts Group.