

**HORSECROSS ARTS LIMITED**

***Company Number SC301328***

***Charity Registration Number SC022400***

**Trustees' Report and Consolidated Financial Statements**

**For the year ended 31 March 2021**

**HORSECROSS ARTS LIMITED**

**Trustees' Report and Consolidated Financial Statements**

**for the year ended 31 March 2021**

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# HORSECROSS ARTS LIMITED

## Trustees' Annual Report

for the year ended 31 March 2021

### Trustees Report for Financial Year to 31 March 2021

#### Objectives and Activities

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 2021.

#### Objectives

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 if such activities are regarded as charitable in law.

#### Principal Activities to Achieve Objectives

Horsecross Arts pursues its objectives through a programme of work based around the programming of performances and operation of Perth Concert Hall and Perth Theatre as well as a range of community focused activities both at these venues and in locations across Perth and Kinross in partnership with others.

The over-riding aims are:

- to make a substantial positive difference to the cultural life of the City of Perth and its people,
- to reach out with creative activities to outlying areas in Perth and Kinross and beyond,
- to contribute a positive economic impact and maintain an attractive artistic offer in support of long-term ambitions to build on Perth's appeal as a tourist destination.

The artistic programme presents a broad range of activities to appeal to a range of different beneficiaries, across music, theatre, comedy and participation. We produce our own theatre productions and promote a range of music performances as well as presenting touring activities in theatre, music and comedy. We also host a range of schools, community organisations, charities and businesses for their own performances, conferences and events.

As a result of the global Covid-19 pandemic 2020-21 both Perth Concert Hall and Perth Theatre were closed for public performance throughout the year in line with Government legislation. However, the charity sought to continue undertake a range of activities in pursuance of its objectives and to play a civic role for the people of Perth and Kinross throughout the pandemic through a range of online activities during the period.

#### Achievements and Performance

The pandemic curtailed our public performance programme for the entire financial year. This saw the postponement or cancellation of all performances. Throughout the year we faced uncertainty over the changing public health situation and guidelines for operation and challenges to viable operation for in-person events which meant our buildings remained closed.

However, we ran an extensive range of online activities throughout the pandemic to continue to engage with our communities, offer performances to our audiences, and support freelance artists and practitioners at this most difficult of times.

Immediately after we closed, we started a daily blog of culture and community

– [www.keepgoingtogether.co.uk](http://www.keepgoingtogether.co.uk) This saw us draw on our programming team's specialist knowledge to present material from our own archives, present specially commissioned activity, highlight interesting artistic activity taking place across the web, and present posts from partner organisations.

This continued until we returned to live performance and had a pathway to reopening in July 2021. There were 43,124 views of the blog during the year with further engagement through linked Facebook and Twitter posts, reaching audiences far and wide during the pandemic.

To mark the 1-year anniversary of our closure, we commissioned local songwriter Ian McLaren to write a special song to mark the moment, bring people together and to look forward to the time when we could reopen. Along with his 6-strong band, we recorded the song in the Concert Hall and launched it on the 17<sup>th</sup> March – a year to the day after we closed. Over 1,500 people engaged with that post alone.

# HORSECROSS ARTS LIMITED

## Trustees' Annual Report

### for the year ended 31 March 2021

We hosted a number of our orchestral and classical music partners during the closure period to record programmes for release and to film concerts for online use. The Scottish Chamber Orchestra used the Concert Hall for 26 days filming engaging over 117,000 people online, and Scottish Ensemble for 6 days filming for their schools focused programme. BBC Radio 3 also recorded 4 concerts in March 2021 which were broadcast immediately after Easter. Our own presentation saw us record Bach's *St Matthew Passion* with Dunedin Consort which was broadcast online just before Easter 2021 reaching 2,272 people.

We created and presented an online, interactive pantomime in December 2020. *Oh Yes We Are* was designed to capture the essence of pantomime and performed live using the Zoom platform for public audiences across the world. Reaching over 13,900 people in 25 different countries, the show was described by The Guardian newspaper as "the closest thing to panto" during the 2020 Christmas season.

We also produced Will Pickvance's *First Piano on the Moon* reimagined for online performance for families and schools in February 2021, reworking the original stage production for online and interactive performance. We worked with a range of other theatres and companies to present online work to continue to provide a quality theatrical offer to audiences whilst the buildings were closed.

Our participatory programme moved online almost immediately after we were forced to close in March 2020 seeing us run 252 workshops through the year and a total of 2295 participations. Our Youth Theatre worked on a range of film and online performance projects, including participating in the global *Coronavirus Time Capsule Project* run by Company 3, and making 6 zoom plays – 3 in late November 2020 and 3 in March 2021. With 1195 participations from young people aged 5 to 17, we continued to support young people with creative activities during this difficult period.

We ran our *Little Stars* early years programme from June 2020, providing a range of online workshops for parents to access and eventually in partnership with Comrie Nursery, totalling 39 regular participants. Our Glee young people's singing workshops restarted online in January 2021.

Our Vocal Chord programme of singing workshops for those with lung and breathing issues ran online with NHS Tayside from autumn 2020 and we created a range of videos for our Dance for Parkinsons participants to undertake at home. Our adult singing project Horsecross Voices launched online in June 2020, and even attracted a participant in the Netherlands. In total we worked with 347 adults.

Whilst schools were closed the majority of the schools programme was paused. However, we delivered pre-panto choreography workshops online and in person to 15 schools in autumn 2020.

We piloted an in-person performance project with Care Homes during autumn 2020, where our *Gig on a Truck* took live music to residents, performing in car parks and gardens to this most vulnerable and affected group. The success of this programme generated a large number of enquiries that we subsequently fulfilled when restrictions were relaxed in Spring 2021.

We hosted our first *Fun Palaces* programme in October 2020, running a range of arts and creativity workshops online and for free. As a part of a UK-wide project, we attracted over 800 people to participate as well as hosting a light-based installation in the Concert Hall foyer windows for passers-by. The programme also featured a commissioned poem from local poet Jim Mckintosh, which invited individuals to film their own response which formed a companion piece launched on our website in March 2021, marking the anniversary of closure.

Throughout the pandemic we made our venues available to partner organisations. This included the Concert Hall hosting Thermo Fisher – a medical supplies company who based their induction and training with us for 4 months during winter 2020-21, the Romanian Consulate to facilitate their general election, and the Scottish Solicitors Tribunal undertaking their statutory work.

Due to the pandemic, Horsecross Arts was required to reduce its staffing level through a redundancy process run during summer 2020, in order to remain a going concern. As a result, 105 staff members were made redundant in August 2020, leaving 49 posts for the remainder of the financial year. The 105 staff members were made up of 12 full time, 24 part time and 69 other employees. The staffing structure was revised and repopulated in the run in to reopening the venues in summer 2021.

We applaud the efforts of our people to maintain our cultural programming throughout the period of the pandemic. During the financial year we were forced to take some incredibly difficult but necessary decisions which affected many of our employees. However, we are pleased that in the period post this report we have started our plans to rebuild the employee base of Horsecross.

# HORSECROSS ARTS LIMITED

## Trustees' Annual Report

for the year ended 31 March 2021

### Future Plans

Despite having only delivered a few months' worth of activity since re-opening, we have experienced a relatively successful autumn season, which has yielded a significant data set with which we plan to work towards embedding a data driven approach across the organisation. A new pricing structure has been introduced across the theatre programme, resulting in a higher average ticket spend per head and we have seen a rise in last minute bookings. Historically, most of our audiences have been from the immediate local area and our aim will be to increase our profile and reach from major cities such as Glasgow and Edinburgh whilst continuing to build on our draw from the local regions. Audiences from areas of socio-economic deprivation are among those who have felt the greatest impacts of COVID-19. Building on the momentum of previous Learning & Engagement and community-focused initiatives over the past year, we will continue nurturing relationships with schools and other trusted voices and community champions. Finally, we also hope to engage the council further in measuring the economic impact of all our audience development – this is key to leveraging further and ongoing support and investment, both financial and in kind, for the benefit of all the communities we serve.

### Financial Review

Following a challenging year as a result of both the global pandemic and the previous financial difficulties that Horsecross Arts Ltd had faced, the organisation has stabilised its finances during this financial year. As a result of a range of pandemic-related additional support, it was possible to recapitalise all pre-paid ticket income and mitigate a range of core costs. A major reduction in staffing during summer 2020 has given a core staffing level the costs of which the organisation can meet through its core income providing much needed stability.

Total incoming group resources for the year were £3.826 million (2020 – £5.067 million) including restricted fund income of £971k (2020 - £243k). The group net increase on general funds was £822k (2020 – £210k decrease) after expenditure of £2.934 million (2020 - £5.038 million) and outgoing fund transfers of £70k (2020 – £3k outgoing). Group net liabilities at 31 March 2021 were £458k (2020 – liabilities of £358k), of which £669k asset (2020 – £370k liability) relates to general funds and £11k asset (2020 – £12k) 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) £1138k liability relates to the pension liability (2020 - £922k liability). Net current assets (taking account of Advance Ticket Liabilities of £632k), stood at £363k (2020 – liabilities of £755k) of which £846k was held in cash (2020 – £334k). This eliminates the carried forward deficit from 2019/20 placing the organisation in a stable financial position.

The post-pandemic trading environment remains uncertain and the venues have not been reopened for sufficiently long to enable us to analyse trends.

### 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. Currently this is confirmed to March 2022, with an indicative commitment for 2022/23. As well as its primary purpose, charitable trading and other activities for generating funds, the charity runs a conferencing business through its wholly owned subsidiary, Horsecross Trading Limited, whose results are consolidated with those of the charity in the accounts.

During the pandemic, Horsecross Arts and its' Subsidiary was able to access a range of pandemic specific funding totalling £1,630,383, including the Coronavirus Job Retention Scheme (£694,864), Third Sector Resilience Fund (£99,999), Performing Arts Venue Relief Fund (£749,900), Heritage Emergency Fund (£60,800), Gannochy Trust Emergency Fund (£25,000)

We also received £18,296 in philanthropic support from audience members donating ticket monies for performances that were cancelled.

We are grateful to the Scottish Government, Creative Scotland, Perth and Kinross Council and our other funding partners for their support during this difficult period.

# HORSECROSS ARTS LIMITED

## Trustees' Annual Report

for the year ended 31 March 2021

### 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. The major risks include those relating to the condition of the Theatre building, which are being managed in conjunction with Perth & Kinross Council and the capital expenditure required to enable the renewal of IT and technical equipment, which is being assessed and prioritised.

The mitigations that we have in place relating to the risks of potential cuts or loss of major external funding are discussed more fully in the Going Concern paragraph below.

Like most other organisations, the greatest risk currently affecting Horsecross is in relation to COVID-19. Horsecross has implemented a series of measures to protect staff and customers, but the Trustees are satisfied that in the event of restrictions being placed back on the industry, that our cash reserves are sufficient to enable the organisation to continue in the short term, particularly due to the reduced overheads costs we incur whilst closed. This, however, assumes that after these restrictions are lifted that audiences return in a similar manner to that which we are currently seeing.

### 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.

Currently Horsecross holds £654k in reserve. The trustees will continue to identify methods to build operating reserves over the medium term to nearer the 3-month operating expenditure benchmark (£733,500) In the meantime, the organisation will remain dependent on the continued support of its principal funders for core revenue stability.

### 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 Trustees took the painful and difficult decision to enact a large reduction in staff during the year, as a result of a redundancy process triggered by the impact of the COVID-19 outbreak, in order to secure the long-term financial future of the organisation and maintain the charity's ability to fulfil its objectives.

As a result of these proactive measures, the organisation now has a fixed cost base, including staff costs, which is within current core funding values receivable. Creative Scotland has committed to similar levels of support for 2021/22 and 2022/23 as has Perth and Kinross for 2021/22 and for 2022/23 have agreed support at an amount to be finalised when the Council budget is agreed in February 2022, the Council's position being confirmed in a letter of support.

Perth Concert Hall reopened to the public with audience limited performances in May 2021 and building up to a full programme in the autumn of 2021. Perth Theatre reopened to the public in September 2021. Trading has so far been positive although at the point of writing it is too early to analyze trends in comparison to pre-pandemic attendance and sales.

On this basis, the board is satisfied that the group can continue to trade as a going concern for the foreseeable future for at least 12 months from the date this report was approved.

### Structure, Governance, Management Structure

Horsecross Arts Limited ("Horsecross Arts") was incorporated on 25 April 2006 as a company limited by guarantee not having 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. Horsecross Arts Ltd has a wholly owned subsidiary, Horsecross Trading Ltd whose purpose is to generate funds to support the parent charity.

## **HORSECROSS ARTS LIMITED**

### **Trustees' Annual Report**

**for the year ended 31 March 2021**

#### **Governance Arrangements**

Horsecross Arts works in close partnership with Perth and Kinross Council to develop programmes of activity against Horsecross Arts charitable objectives and the Council's strategic priorities. Perth and Kinross Council maintains an arm's length relationship with regards to all governance matters of the Charity as outlined in Horsecross' Memorandum and Articles of Association and a Memorandum of Understanding between the Council and Horsecross Arts.

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 of Trustees. 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 at least four times a year. Observers from Perth & Kinross Council and Creative Scotland are invited to attend and receive papers for 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. During 2020/21 the Board Sub-Committees have been reviewed and reconstituted to focus on key elements forming a Finance and General Purposes Committee, Nominations Committee, and a Remuneration Committee.

During 2020/21, Horsecross Arts undertook two rounds of trustee recruitment for independent trustees, with a total of 5 independent trustees being recruited to fill gaps on the trustee board following the resignation of the previous board in December 2019.

#### **Trustee Selection, Induction and Training**

Trustees are recruited in accordance with a skills matrix used to identify which skills would support the trustees in fulfilling their duties. All candidates are interviewed by the Nominations Committee and recommendations made to Perth and Kinross Council which has sole power of appointment.

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.

All trustees participate in an annual board away day and ad hoc trustee training sessions.

#### **Operational Management**

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

The Leadership Team comprises the Chief Executive, the Head of Finance and Administration and the Head of External Relations. The Senior Management Team includes the above along with the Head of Events and Commercial Development, Theatre Artistic Director, Head of Technical Services, Creative Director – Classical Music, Creative Director – Contemporary Music, and Media Relations Consultant. The extended management group lead the operational delivery of the organisation's programme of activities.

The organisation was forced to review its staffing levels during the pandemic closure period which saw 105 roles being made redundant in August 2020. Subsequently, the management structure of the organisation was developed to better align business units and key operational requirements prior to rebuilding the staffing model in preparation for reopening the venues in 2021.

A new Associate Director, Learning and Engagement joined the organisation in September 2020 to redevelop the programme of community focused work. A new Head of External Relations was appointed in July 2021 to focus on marketing and fundraising for the organisation and a range of operational staff were recruited during summer 2021 in preparation for the reopening of our venues in September 2021.

# HORSECROSS ARTS LIMITED

## Trustees' Annual Report

for the year ended 31 March 2021

### 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:*

Steven Stewart	(appointed 2 April 2020)
Gordon Macdougall	(appointed 12 August 2020)
Amina Shah	(appointed 12 August 2020, resigned 10 September 2021)
Peter Fotheringham	(appointed 15 February 2021)
Dr Colin Hood	(appointed 15 February 2021)
Vanessa Rawlings Jackson	(appointed 15 February 2021)
Cllr Anne Jarvis (Perth & Kinross Council nominee)	(appointed 10 June 2021)
Cllr Calum Purves (Perth & Kinross Council nominee)	
Cllr Murray Lyle (Perth & Kinross Council nominee)	(resigned 8 June 2021)
Cllr Stewart Donaldson (Perth & Kinross Council nominee)	

### Key management personnel

Nick Williams	Chief Executive	
Willie Anderson	Head of Finance and Administration	(from 20 April 2020)
Christopher Glasgow	Head of External relations	(from 4 October 2021)

### Registered Office

Perth Concert Hall  
Mill Street  
Perth.  
PH1 5HZ

### Auditor

Henderson Loggie LLP  
The Vision Building,  
20 Greenmarket,  
Dundee.  
DD1 4QB

### 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 2021

### 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.

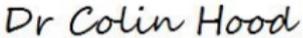
In the case of each of the persons who are trustees at the time when the Trustees' Report is approved:

- 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

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 17<sup>th</sup> December 2021 and signed on its behalf by:



Dr Colin Hood - 2021-12-17, 13:26:20 UTC

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**Dr Colin Hood**  
Chairman

## HORSECROSS ARTS LIMITED

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

for the year ended 31 March 2021

#### 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 2021 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the group and parent charitable company cash flow statements and 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2021 and of its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

#### Basis of 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the Trustees' report, other than the financial statements and our auditor's report thereon. The trustees 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.

## HORSECROSS ARTS LIMITED

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

for the year ended 31 March 2021

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees' Report for the financial period 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 charitable company and its 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 where the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

#### Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- Inquiry of management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing compliance with Equity and BECTU rules and checking appropriate theatre licenses are in place;
- Reviewing details of any food hygiene inspections and checking appropriate alcohol licenses are in place;

## HORSECROSS ARTS LIMITED

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

for the year ended 31 March 2021

- Reviewing board meeting minutes for evidence of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular the valuation of tangible fixed assets and stock, recoverability of debtors, and the application of accruals and deferred income; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

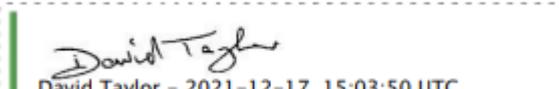
As a result of the nature of Horsecross Arts Limited's operations, we identified the following areas as those most likely to have a material impact on the financial statements: health and safety regulations; regulations from the food standards agency; compliance with theatre and alcohol licences; OSCR requirements; Data Protection Act 2018; employment law (including payroll and pension regulations), and compliance with the UK Companies Act.

Owing to the inherent limitations of an audit, there is unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with Section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



David Taylor - 2021-12-17, 15:03:50 UTC

**David Taylor (Senior statutory Auditor)**  
**For and on behalf of Henderson Loggie LLP**  
**Chartered Accountants & Statutory Auditors**  
**Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006**

The Vision Building  
20 Greenmarket  
Dundee  
DD1 4QB

17<sup>th</sup> December 2021

**HORSECROSS ARTS LIMITED**

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

**for the year ended 31 March 2021**

	Note	Unrestricted Funds £	Unrestricted Pension Reserve £	Restricted Funds £	2021 Total Funds £	Restated 2020 Total Funds £
<b>Income and endowments from:</b>						
Donations and legacies	4	1,135,291	-	971,183	2,106,474	820,180
Charitable activities	5	1,439,172	-	-	1,439,172	2,951,177
Other trading activities	6	279,947	-	-	279,947	1,295,564
<b>Total</b>		<u>2,854,410</u>	<u>-</u>	<u>971,183</u>	<u>3,825,593</u>	<u>5,066,921</u>
<b>Expenditure on:</b>						
Raising funds	7	725,128	-	40,381	765,509	1,387,635
Charitable activities	8	1,089,862	146,751	931,877	2,168,490	4,094,109
<b>Total</b>		<u>1,814,990</u>	<u>146,751</u>	<u>972,258</u>	<u>2,933,999</u>	<u>5,481,744</u>
<b>Net income/(expenditure)</b>	11	1,039,420	(146,751)	(1,075)	891,594	(414,823)
<b>Transfers between funds</b>		-	-	-	-	-
<b>Pension Deficit remeasurement</b>		-	(69,641)	-	(69,641)	287,726
<b>Net movement in funds</b>		1,039,420	(216,392)	(1,075)	821,953	(127,097)
<b>Reconciliation of funds:</b>						
Total funds brought forward		(370,361)	(921,615)	11,946	(1,280,030)	(1,152,933)
<b>Total funds carried forward</b>		<u><u>669,059</u></u>	<u><u>(1,138,007)</u></u>	<u><u>10,871</u></u>	<u><u>(458,077)</u></u>	<u><u>(1,280,030)</u></u>

All activities relate to continuing operations.

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

The notes on pages 16 to 41 form part of these financial statements.

**HORSECROSS ARTS LIMITED**

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

**for the year ended 31 March 2021**

	Note	Unrestricted Funds £	Unrestricted Pension Reserve £	Restricted Funds £	2021 Total Funds £	Restated 2020 Total Funds £
<b>Income and endowments from:</b>						
Donations and legacies	4	1,265,429	-	971,183	2,236,612	1,034,453
Charitable activities	5	1,439,172	-	-	1,439,172	2,951,177
Other trading activities	6	(1,456)	-	-	(1,456)	285,479
<b>Total</b>		<u>2,703,145</u>	<u>-</u>	<u>971,183</u>	<u>3,674,328</u>	<u>4,271,109</u>
<b>Expenditure on:</b>						
Raising funds	7	351,769	-	40,381	392,150	502,647
Charitable activities	8	1,089,862	146,751	931,877	2,168,490	4,094,109
<b>Total</b>		<u>1,441,631</u>	<u>146,751</u>	<u>972,258</u>	<u>2,560,640</u>	<u>4,596,756</u>
<b>Net income/(expenditure)</b>	11	1,261,514	(146,751)	(1,075)	1,113,688	(325,647)
<b>Transfers between funds</b>		-	-	-	-	-
<b>Pension Deficit remeasurement</b>		-	(69,641)	-	(69,641)	287,726
<b>Net movement in funds</b>		1,261,514	(216,392)	(1,075)	1,044,047	(37,921)
<b>Reconciliation of funds:</b>						
Total funds brought forward		(640,336)	(921,615)	11,946	(1,550,005)	(1,512,084)
<b>Total funds carried forward</b>		<u><u>621,178</u></u>	<u><u>(1,138,007)</u></u>	<u><u>10,871</u></u>	<u><u>(505,958)</u></u>	<u><u>(1,550,005)</u></u>

All activities relate to continuing operations.

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

The notes on pages 16 to 41 form part of these financial statements

# HORSECROSS ARTS LIMITED

## Group Balance Sheet

as at 31 March 2021

	Notes	2021		Restated 2020	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	14		317,418		396,590
<b>Current assets</b>					
Stocks		3,912		4,800	
Debtors and prepayments	16	496,057		237,755	
Cash at bank and in hand		846,175		333,951	
		<u>1,346,144</u>		<u>576,506</u>	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	17	<u>(983,632)</u>		<u>(1,331,511)</u>	
Net current assets/(liabilities)			362,512		(755,005)
<b>Provisions for liabilities</b>	18		(1,138,007)		(921,615)
<b>Total net liabilities</b>	21		<u><u>(458,077)</u></u>		<u><u>(1,280,030)</u></u>
<b>The funds of the charity:</b>					
Restricted funds	21		10,871		11,946
General unrestricted funds			669,059		(370,361)
Pension reserves			<u>(1,138,007)</u>		<u>(921,615)</u>
			<u><u>(458,077)</u></u>		<u><u>(1,280,030)</u></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 17<sup>th</sup> December 2021 and signed on behalf of the board by:

*Dr Colin Hood*  
Dr Colin Hood - 2021-12-17, 13:26:20 UTC

**Dr Colin Hood**  
**Chairman**

Company Registration No. SC301328

The notes on pages 16 to 41 form part of these financial statements

# HORSECROSS ARTS LIMITED

## Company Balance Sheet

as at 31 March 2021

	Notes	2021		Restated 2020	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	14		304,056		376,002
Investments	15		3		3
			<u>304,059</u>		<u>376,005</u>
<b>Current assets</b>					
Stock			-		-
Debtors and prepayments	16	516,461		191,030	
Cash at bank and in hand		745,667		266,677	
		<u>1,262,128</u>		<u>457,707</u>	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	17	(934,138)		(1,462,102)	
Net current assets/(liabilities)			327,990		(1,004,395)
<b>Provisions for liabilities</b>	18		(1,138,007)		(921,615)
<b>Total net assets/(liabilities)</b>	21		<u>(505,958)</u>		<u>(1,550,005)</u>
<b>The funds of the charity:</b>					
Restricted funds	21		10,871		11,946
General unrestricted funds			621,178		(640,336)
Pension reserves			(1,138,007)		(921,615)
			<u>(505,958)</u>		<u>(1,550,005)</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 17<sup>th</sup> December 2021 and signed on behalf of the board by:

  
Dr Colin Hood - 2021-12-17, 13:26:20 UTC

**Dr Colin Hood**  
Chairman

Company Registration No. SC301328

The notes on pages 16 to 41 form part of these financial statements

**HORSECROSS ARTS LIMITED**

**Consolidated and Parent Statement of Cash Flows**

as at 31 March 2021

	Notes	Group		Company	
		2021 £	2020 £	2021 £	2020 £
<b>Cash flows from operating activities:</b>					
<b>Net cash provided by/(used in) operating activities</b>	23	512,224	106,655	478,990	173,010
<b>Cash flows from investing activities:</b>					
Purchase of property, plant and equipment		-	(10,480)	-	(6,880)
<hr/>					
Change in cash and cash equivalents in the reporting period		512,224	96,175	478,990	166,130
Cash and cash equivalents at the beginning of the period		333,951	237,776	266,677	100,547
<hr/>					
<b>Cash and cash equivalents at the end of the reporting period</b>		<u>846,175</u>	<u>333,951</u>	<u>745,667</u>	<u>266,677</u>

The notes on pages 16 to 41 form part of these financial statements

# HORSECROSS ARTS LIMITED

## Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

### 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.

The charity has no debt financing and accordingly a reconciliation of net debt is not prepared.

# HORSECROSS ARTS LIMITED

## Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

### 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. Creative Scotland has committed to similar levels of support for 2021/22 and 2022/23 as has Perth and Kinross for 2021/22 and for 2022/23 have agreed support at an amount to be finalised when the Council budget is agreed in February 2022, the Council's position being confirmed in a letter of support.

Following the onset of COVID-19, the organisation has sourced £935k in specific, targeted funding. The funding received includes £433k specifically to cover liabilities in relation to advance ticket sales, which had previously been used to fund working capital. In addition to this funding, the organisation has been receiving UK Government grants via the Coronavirus Job Retention Scheme (CJRS), which has provided in excess of £700k. There has also been a large reduction in staff costs as a result of a redundancy process, initiated due to the COVID-19 outbreak. As a result of these proactive measures, the organisation now has a fixed cost base, including staff costs, which is within current core funding values receivable. The level of audience engagement since reopening has given the organisation encouraging signals with regards to their appetite for attendance, Cashflow and budget projections show a relatively stable cash position over the next 12 months.

On this basis, 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

for the year ended 31 March 2021

### 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

for the year ended 31 March 2021

### 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

for the year ended 31 March 2021

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

##### **Pensions**

Horsecross Arts Limited is an admitted body of the Tayside Pension Fund, a pension scheme administered by Dundee City Council providing defined benefits based on a career average related earnings basis. As an admitted body of this scheme, its obligations to the scheme are guaranteed by Dundee City Council. The assets of the scheme are held separately from those of the Charity, being invested in a fixed fund. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the Charity.

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.

##### **Government Grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

## HORSECROSS ARTS LIMITED

### Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

#### 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).

In preparing these financial statements, the Directors have made the following judgements:

##### **Defined benefit pension scheme**

The charity has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Directors estimates these factors in determining the net pension obligation. The assumptions reflect historical experience and current trends.

##### **Useful life of tangible fixed assets**

Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence. Fixed assets are also assessed as to whether there are indicators of Impairment.

##### **Trade debtor recovery**

Credit control is an important function which requires assessment, on an ongoing basis, of the recoverability of amounts due from debtors. Where recovery is in doubt, management will adequately provide against this specific debt and will arrive at such conclusions based on the knowledge of the debtor and their "ability to pay". Management adopt a prudent approach to credit control.

##### **Accruals**

Management estimate the requirements for accruals using post year end information and information available from detailed budgets. This identifies costs that are expected to be incurred for services provided by other parties. Accruals are only released when there is a reasonable expectation that these costs will not be invoiced in the future.

##### **Deferred income**

Deferred income relates to both funding received in the form of grants and donations which cover a period spanning the year end or have performance related conditions, and income for shows and performances which span the year end. Management estimate the deferred income in relation to grants and donations by pro rating the funding amount over the period of support or where appropriate, depending on the performance conditions stipulated in the agreements. Management defer the income from shows and performances depending on the timing of when these are due to take place.

**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements**

**for the year ended 31 March 2021**

**3. Comparative Statement of Financial Activities**

**Group 2020**

	<b>2020 Unrestricted Funds £</b>	<b>2020 Unrestricted Pension Reserve £</b>	<b>2020 Restricted Funds £</b>	<b>2020 Total Funds £</b>
<b>Income and endowments from:</b>				
Donations and legacies	576,750	-	243,430	820,180
Charitable activities	2,951,177	-	-	2,951,177
Other trading activities	1,295,564	-	-	1,295,564
<b>Total</b>	<u>4,823,491</u>	<u>-</u>	<u>243,430</u>	<u>5,066,921</u>
<b>Expenditure on:</b>				
Raising funds	1,381,897	-	5,738	1,387,635
Charitable activities	3,651,367	201,819	240,923	4,094,109
<b>Total</b>	<u>5,033,264</u>	<u>201,819</u>	<u>246,661</u>	<u>5,481,744</u>
<b>Net expenditure</b>	(209,773)	(201,819)	(3,231)	(414,823)
<b>Transfers between funds</b>	3,445	-	(3,445)	-
<b>Pension Deficit remeasurement</b>	-	287,726	-	287,726
<b>Net movement in funds</b>	<u>(206,328)</u>	<u>85,907</u>	<u>(6,676)</u>	<u>(127,097)</u>
<b>Reconciliation of funds:</b>				
Total funds brought forward	(164,033)	(1,007,522)	18,622	(1,152,933)
<b>Total funds carried forward</b>	<u><u>(370,361)</u></u>	<u><u>(921,615)</u></u>	<u><u>11,946</u></u>	<u><u>(1,280,030)</u></u>

**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements**

**for the year ended 31 March 2021**

**3. Comparative Statement of Financial Activities (continued)**

<b>Company 2020</b>	<b>2020 Unrestricted Funds £</b>	<b>2020 Unrestricted Pension Reserve £</b>	<b>2020 Restricted Funds £</b>	<b>2020 Total Funds £</b>
<b>Income and endowments from:</b>				
Donations and legacies	791,023	-	243,430	1,034,453
Charitable activities	2,951,177	-	-	2,951,177
Other trading activities	285,479	-	-	285,479
	<u>4,027,679</u>	<u>-</u>	<u>243,430</u>	<u>4,271,109</u>
<b>Total</b>				
<b>Expenditure on:</b>				
Raising funds	496,909	-	5,738	502,647
Charitable activities	3,651,367	201,819	240,923	4,094,109
	<u>4,148,276</u>	<u>201,819</u>	<u>246,661</u>	<u>4,596,756</u>
<b>Total</b>				
<b>Net expenditure</b>	(120,597)	(201,819)	(3,231)	(325,647)
<b>Transfers between funds</b>	3,445	-	(3,445)	-
<b>Pension Deficit remeasurement</b>	-	287,726	-	287,726
	<u>(117,152)</u>	<u>85,907</u>	<u>(6,676)</u>	<u>(37,921)</u>
<b>Net movement in funds</b>				
<b>Reconciliation of funds:</b>				
Total funds brought forward	(523,184)	(1,007,522)	18,622	(1,512,084)
<b>Total funds carried forward</b>	<u>(640,336)</u>	<u>(921,615)</u>	<u>11,946</u>	<u>(1,550,005)</u>

**4. Income from donations and legacies**

<b>2021</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>2021 total £</b>
Creative Scotland – Regular funding	534,000	-	534,000
Creative Scotland - PAVRF		721,042	721,042
The Gannochy Trust		78,671	78,671
National Heritage		54,986	54,986
Coronavirus Job Retention Scheme	490,023		490,023
Scottish Chamber Orchestra		8,920	8,920
Third Sector resilience Fund		99,999	99,999
Perthshire Public Art Trust		2,565	2,565
Other	111,268	5,000	116,268
	<u>1,135,291</u>	<u>971,183</u>	<u>2,106,474</u>
<b>Group</b>			
Subsidiary donation	130,138	-	130,138
	<u>1,265,429</u>	<u>971,183</u>	<u>2,236,612</u>
<b>Company</b>			

**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements**

**for the year ended 31 March 2021**

**4. Income from donations and legacies (continued)**

<b>2020</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>2020 total £</b>
Creative Scotland – Regular funding	533,000	2,500	535,500
Perth & Kinross Council grants	-	5,000	5,000
The Gannochy Trust	-	64,367	64,367
The Turtleton Charitable Trust	-	6,000	6,000
Northwood Charitable Trust	-	8,000	8,000
Scottish Chamber Orchestra	-	7,000	7,000
Creative Scotland – Project Funding	-	97,000	97,000
Arts & Business – Project Funding	-	10,000	10,000
Corporate Donation	-	21,500	21,500
Other	43,750	22,063	65,813
	<hr/>	<hr/>	<hr/>
<b>Group</b>	576,750	243,430	820,180
Subsidiary donation	214,273	-	214,273
	<hr/>	<hr/>	<hr/>
Company	791,023	243,430	1,034,453
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**5. Income from charitable activities**

<b>Group and company</b>	<b>2021 Total unrestricted £</b>	<b>2020 total unrestricted £</b>
Perth & Kinross Council service fees	1,176,480	1,280,480
Production and performance income	226,912	1,600,206
Creative learning and community projects	9,780	70,491
	<hr/>	<hr/>
	1,413,172	2,951,177
	<hr/> <hr/>	<hr/> <hr/>

**6. Income from other trading activities**

<b>Company</b>	<b>2021 Total unrestricted £</b>	<b>2020 Total unrestricted £</b>
Other retail, merchandising and commission income	(3,789)	255,979
Sponsorship income	2,333	29,500
	<hr/>	<hr/>
<b>Company</b>	(1,456)	285,479
Conference sales	-	198,230
Catering sales	76,562	811,855
Coronavirus Job Retention Scheme	204,841	-
	<hr/>	<hr/>
<b>Group</b>	279,947	1,295,564
	<hr/> <hr/>	<hr/> <hr/>

**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements**

**for the year ended 31 March 2021**

**7. Expenditure on raising funds**

<b>2021</b>	<b>Direct costs £</b>	<b>Support costs £</b>	<b>Governance costs £</b>	<b>Total 2021 £</b>
Fundraising costs	65,694	21,300	2,084	89,078
Conference and other trading costs	109,315	187,505	6,251	303,071
<b>Company</b>	<u>175,009</u>	<u>208,805</u>	<u>8,335</u>	<u>392,149</u>
Catering costs	373,360	-	-	373,360
<b>Group</b>	<u><u>548,369</u></u>	<u><u>208,805</u></u>	<u><u>8,335</u></u>	<u><u>765,509</u></u>
		(Note 9)	(Note 10)	
<b>2020</b>	<b>Direct costs £</b>	<b>Support costs £</b>	<b>Governance costs £</b>	<b>Total 2020 £</b>
Fundraising costs	60,593	67,069	5,342	133,004
Conference and other trading costs	20,228	333,390	16,025	369,643
<b>Company</b>	<u>80,821</u>	<u>400,459</u>	<u>21,367</u>	<u>502,647</u>
Catering costs	884,988	-	-	884,988
<b>Group</b>	<u><u>965,809</u></u>	<u><u>400,459</u></u>	<u><u>21,367</u></u>	<u><u>1,387,635</u></u>
		(Note 9)	(Note 10)	

**8. Expenditure on charitable activities**

<b>2021</b>	<b>Direct Costs £</b>	<b>Support Costs £</b>	<b>Governance costs £</b>	<b>Total 2021 £</b>
<b>Group and company</b>				
Production and performances	773,287	1,070,139	31,255	1,874,681
Creative learning and community	96,881	48,093	2,084	147,058
	<u>870,168</u>	<u>1,118,232</u>	<u>33,339</u>	<u>2,021,739</u>
		(Note 9)	(Note 10)	
<b>2020</b>	<b>Direct Costs £</b>	<b>Support Costs £</b>	<b>Governance costs £</b>	<b>Total 2020 £</b>
<b>Group and company</b>				
Production and performances	1,139,551	2,341,511	80,125	3,561,187
Creative learning and community	94,913	230,849	5,342	331,104
	<u>1,234,464</u>	<u>2,572,360</u>	<u>85,467</u>	<u>3,892,291</u>
		(Note 9)	(Note 10)	

**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements**

**for the year ended 31 March 2021**

**9. Support costs allocated to activities**

<b>2021</b>	<b>Raising funds</b>	<b>Production and performances</b>	<b>Creative learning and community</b>	<b>Total 2021</b>
<b>Group and company</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Promotion, publicity & sales	1,112	395,951	1,112	398,175
Venue operations	123,461	345,654	24,749	493,864
Support services	84,232	328,534	22,233	434,999
	<u>208,805</u>	<u>1,070,139</u>	<u>48,094</u>	<u>1,327,038</u>
	<u><u>208,805</u></u>	<u><u>1,070,139</u></u>	<u><u>48,094</u></u>	<u><u>1,327,038</u></u>
<b>2020</b>	<b>Raising funds</b>	<b>Production and performances</b>	<b>Creative learning and community</b>	<b>Total 2020</b>
<b>Group and company</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Promotion, publicity & sales	2,123	228,408	2,123	232,654
Venue operations	246,183	680,198	63,746	990,127
Support services	152,153	1,432,905	164,981	1,750,039
	<u>400,459</u>	<u>2,341,511</u>	<u>230,850</u>	<u>2,972,820</u>
	<u><u>400,459</u></u>	<u><u>2,341,511</u></u>	<u><u>230,850</u></u>	<u><u>2,972,820</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 housekeeping, 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.

**10. Governance costs allocated to activities**

<b>2021</b>	<b>Raising funds</b>	<b>Production and performances</b>	<b>Creative learning and community</b>	<b>Total 2021</b>
<b>Group and company</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accountancy and audit fees	1,244	4,665	311	6,220
Legal and professional	5,390	20,211	1,348	26,949
Other	1,618	6,069	404	8,091
Irrecoverable VAT	83	310	21	414
	<u>8,335</u>	<u>31,255</u>	<u>2,084</u>	<u>41,674</u>
	<u><u>8,335</u></u>	<u><u>31,255</u></u>	<u><u>2,084</u></u>	<u><u>41,674</u></u>

**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements**

for the year ended 31 March 2021

**10. Governance costs allocated to activities (continued)**

<b>2020</b>	<b>Raising funds</b>	<b>Production and performances</b>	<b>Creative learning and community</b>	<b>Total 2020</b>
<b>Group and company</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accountancy and audit fees	1,538	5,773	385	7,696
Legal and professional	12,060	45,227	3,015	60,302
Wages and salaries	2,781	10,431	695	13,907
Other	4,693	17,588	1,173	23,454
Irrecoverable VAT	295	1,106	74	1,475
	<u>21,367</u>	<u>80,125</u>	<u>5,342</u>	<u>106,834</u>

**11. Net expenditure**

	<b>Group</b>		<b>Company</b>	
This is stated after charging:	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Depreciation - tangible fixed assets	66,613	73,269	71,946	65,134
Operating lease payments	8,058	12,016	8,058	12,016
Auditor's remuneration:				
– Audit fee	11,826	11,038	6,220	7,698
– Taxation services		6,461	3,975	6,461
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

**12. 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 (2020: £nil). No trustee (2020: None) was reimbursed for travel or other expenses incurred in connection with their duties as a trustee during the year.

**13. Employees**

**Number of employees**

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

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>number</b>	<b>number</b>	<b>number</b>	<b>number</b>
Catering	26	45	-	-
Encouragement of Performing Arts	86	115	86	115
Conferencing	2	2	2	2
	<u>114</u>	<u>162</u>	<u>88</u>	<u>117</u>

**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements**

**for the year ended 31 March 2021**

**13. Employees (continued)**

**Employment costs**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Wages and salaries	1,741,553	2,444,244	1,499,486	1,942,512
Social security costs	119,373	119,456	106,003	115,117
Pension costs	132,483	141,199	126,708	130,417
	<u>1,993,409</u>	<u>2,704,899</u>	<u>1,732,197</u>	<u>2,188,046</u>

One employee received total employee benefits (excluding employer pension costs) of between £60,000 and £69,999 (2020: none).

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 £113,185 (2020: £50,000).

During the year, redundancies totalling £91,550 (2020 - £nil) were paid.

**14. Tangible fixed assets**

<b>Group</b>	<b>Leasehold property</b>	<b>Plant and machinery</b>	<b>Fixtures, fittings &amp; equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 1 April 2020	195,878	615,114	119,599	930,591
Additions	-	-	-	-
At 31 March 2021	<u>195,878</u>	<u>615,114</u>	<u>119,599</u>	<u>930,591</u>
<b>Depreciation</b>				
At 1 April 2020	90,542	344,448	99,011	534,001
Charge for year	3,500	68,446	7,226	79,172
At 31 March 2021	<u>94,042</u>	<u>412,894</u>	<u>106,237</u>	<u>613,173</u>
<b>Net book value</b>				
At 31 March 2021	<u>101,836</u>	<u>202,220</u>	<u>13,362</u>	<u>317,418</u>
At 31 March 2020	<u>105,336</u>	<u>270,666</u>	<u>20,588</u>	<u>396,590</u>

**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements**

**for the year ended 31 March 2021**

**14. Tangible fixed assets (continued)**

<b>Company</b>	<b>Leasehold property £</b>	<b>Plant and machinery £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2020	195,878	615,114	810,992
Additions	-	-	-
At 31 March 2021	195,878	615,114	810,992
<b>Depreciation</b>			
At 1 April 2020	90,542	344,448	434,990
Charge for year	3,500	68,446	71,946
At 31 March 2021	94,042	412,894	506,936
<b>Net book value</b>			
At 31 March 2021	101,836	202,220	304,056
At 31 March 2020	105,336	270,666	376,002

**15. Fixed asset investments**

<b>Company</b>	<b>Unlisted investments £</b>
At 1 April 2020 and 31 March 2021	3

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

Horsecross Arts owns all three £1 ordinary shares in Horsecross Trading Limited that have been issued.

**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements**

**for the year ended 31 March 2021**

**15. Fixed asset investments (continued)**

Net assets of Horsecross Trading Limited at 31 March 2020 totalled £47,884 (2020: £269,979) which comprised fixed assets of £13,362 (2020: £20,588), current assets of £105,122 (2020: £340,625), and liabilities of £70,600 (2020: £91,234). Relevant financial information regarding Horsecross Trading Limited for the year ended 31 March 2021 is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Turnover	76,562	1,010,086
Cost of sales	(8,168)	(279,358)
	68,394	730,728
Gross profit	68,394	730,728
Coronavirus Job retention Scheme	204,841	-
Administrative expenses	(365,192)	(605,629)
	(91,957)	125,099
(Loss)/Profit on ordinary activities before taxation	(91,957)	125,099
Tax on (Loss)/ profit on ordinary activities	-	-
	(91,957)	125,099
(Loss)/Profit for the financial year	(91,957)	125,099

A distribution under gift aid of £130,138 (2020: £214,273) was paid to Horsecross Arts Limited during the year, based on the results for the year ended 31 March 2020.

**16. Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	39,122	37,679	39,122	8,094
Amounts owed by parent undertaking	128,728	7,363	128,728	7,363
Amounts owed by Subsidiary undertaking	-	-	21,106	-
Other debtors	8,373	7,522	8,373	7,202
Prepayments and accrued income	319,834	185,191	319,132	168,371
	496,057	237,755	516,461	191,030
	496,057	237,755	516,461	191,030

**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements**

**for the year ended 31 March 2021**

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

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>Restated 2020</b>	<b>2021</b>	<b>Restated 2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	114,247	233,223	109,658	200,125
Taxes and social security costs	152,099	137,594	115,707	97,631
Other creditors	85,086	246,534	76,573	228,360
Deferred income (note 19)	632,200	714,160	632,200	714,160
Amounts owed to group undertakings	-	-	-	221,826
	<u>983,632</u>	<u>1,331,511</u>	<u>934,138</u>	<u>1,462,102</u>

**18. Provisions for liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Pension Deficit	1,138,007	921,615	1,138,007	921,615
	<u>1,138,007</u>	<u>921,615</u>	<u>1,138,007</u>	<u>921,615</u>

**19. Deferred Income**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2020	714,160	719,402	714,160	719,402
Released to incoming resources	(714,160)	(719,402)	(714,160)	(719,402)
Deferred in year	632,200	714,160	632,200	714,160
At 31 March 2021	<u>632,200</u>	<u>714,160</u>	<u>632,200</u>	<u>714,160</u>

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

**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements**

**for the year ended 31 March 2021**

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

**Defined benefit schemes**

Horsecross Arts Limited is an admitted body of the Tayside Pension Fund, a pension scheme administered by Dundee City Council providing defined benefits based on a career average related earnings basis. As an admitted body of this scheme, its obligations to the scheme are guaranteed by Dundee City Council. The assets of the scheme are held separately from those of the Charity, being invested in a fixed fund. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the Charity.

To assess the value of the Employer's liabilities at 31 March 2021, the actuaries have rolled forward the value of the Employer's liabilities calculated for the funding valuation as at 31 March 2020, using the following assumptions:

*Key assumptions*

	<b>2021</b>	2020
	%	%
Discount rate	<b>2.00</b>	2.35
Expected rate of increase of pensions in payment	<b>2.85</b>	1.85
Expected rate of salary increases	<b>3.85</b>	2.85
	<u>          </u>	<u>          </u>

*Mortality assumptions*

The assumed life expectancy on retirement at age 65 are:

	<b>2021</b>	2020
	Years	Years
Retiring today		
- Males	<b>19.2</b>	19.7
- Females	<b>22.5</b>	21.7
	<u>          </u>	<u>          </u>
Retiring in 20 years		
- Males	<b>20.7</b>	21.4
- Females	<b>24.0</b>	23.5
	<u>          </u>	<u>          </u>

Amounts recognised in the profit and loss account:

	<b>2021</b>	2020
	£	£
Current service cost	<b>247,788</b>	295,936
Net interest on defined benefit liability	<b>20,220</b>	23,234
Administration expenses	<b>1,852</b>	1,762
	<u>          </u>	<u>          </u>
Total costs	<b>269,860</b>	320,932
	<u>          </u>	<u>          </u>

Amounts taken to other comprehensive income:

	<b>2021</b>	2020
	£	£
Actuarial gain/(loss) on pension schemes	<b>(69,641)</b>	287,726
	<u>          </u>	<u>          </u>

**HORSECROSS ARTS LIMITED**

**Notes to the Consolidated Financial Statements**

**for the year ended 31 March 2021**

**20. Pension and other post-retirement commitments (continued)**

The amounts included in the balance sheet arising from the charitable company's obligations in respect of defined benefit plans are as follows:

	<b>2021</b>	2020
	£	£
Present value of defined benefit obligations	<b>7,686,079</b>	5,936,860
Present value of unfunded obligation	<b>10,043</b>	7,466
Fair value of Fund assets	<b>(6,558,115)</b>	(5,022,711)
Deficit in scheme	<b>1,138,007</b>	921,615
Total liability recognised	<b>1,138,007</b>	921,615

Movements in the present value of defined benefit obligations:

	<b>2021</b>
	£
Liabilities at 1 April 2020	<b>5,944,326</b>
Current service cost	<b>247,788</b>
Plan members contributions	<b>45,368</b>
Interest cost	<b>138,056</b>
Benefits paid	<b>(184,014)</b>
Unfunded Pension payments	<b>(1,374)</b>
Actuarial loss/(gain)	<b>1,505,972</b>
At 31 March 2021	<b>7,696,122</b>

The defined benefit obligations arise from plans funded as follows:

	<b>2021</b>
	£
Wholly or partly funded obligations	<b>7,686,079</b>
Wholly unfunded obligations	<b>10,043</b>
	<b>7,696,122</b>

**HORSECROSS ARTS LIMITED**

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

**for the year ended 31 March 2021**

**20. Pension and other post-retirement commitments (continued)**

Movements in the fair value of plan assets:

	<b>2021</b> £
Fair value of assets at 1 April 2020	5,022,711
Expected return on scheme assets	1,520,154
Actuarial gain/(loss)	(83,823)
Interest Income	117,836
Benefits paid	(185,388)
Contributions paid by members	45,368
Contributions paid by employer	123,109
Admin costs	(1,852)
	6,558,115
At 31 March 2021	6,558,115

The actual return on plan assets was £1,520,154 (2020 – loss of £415,141).

The fair value of plan assets at the reporting period end was as follows:

	<b>2021</b> £	2020 £
Equities	4,695,898	3,320,709
Gilts	259,319	69,675
Other bonds	855,999	887,492
Property	599,405	617,787
Cash	138,139	151,898
Alternatives	9,355	(24,850)
	6,558,115	5,022,711

**HORSECROSS ARTS LIMITED**

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

**for the year ended 31 March 2021**

**21. Restricted funds (Group and company)**

2021	Movement in funds				Balance at 31 March 2021 £
	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers £	
Capital fund	1,075		(1,075)	-	-
The Gannochy Trust	-	78,671	(78,671)	-	-
Perth & Kinross Council	-	-	-	-	-
Creative Scotland -PAVRF	-	721,042	(721,042)	-	-
Third Sector Resilience Fund	-	99,999	(99,999)	-	-
National Heritage Grant	-	54,986	(54,986)	-	-
Scottish Chamber Orchestra	-	8,920	(8,920)	-	-
Other restricted funds	10,871	7,565	(7,565)	-	10,871
	11,946	971,183	(972,258)	-	10,871
	11,946	971,183	(972,258)	-	10,871

2020	Movement in funds				Balance at 31 March 2020 £
	Balance at 1 April 2019 £	Incoming resources £	Resources expended £	Transfers £	
Capital fund	4,577	-	(3,502)	-	1,075
The Gannochy Trust	-	64,367	(64,367)	-	-
Perth & Kinross Council	-	5,000	(5,000)	-	-
Creative Scotland	-	2,500	(2,500)	-	-
Corporate Donation	-	21,500	(21,500)	-	-
Creative Scotland	-	97,000	(97,000)	-	-
Arts & Business	-	10,000	(10,000)	-	-
Other restricted funds	14,045	43,063	(42,792)	(3,445)	10,871
	18,622	243,430	(246,661)	(3,445)	11,946
	18,622	243,430	(246,661)	(3,445)	11,946

In addition to the balances shown above in restricted funds, values are held as prepaid income in many of the funds as detailed below.

**The Gannochy Trust – Programme Specific**

The final grant of a three-year funding award from long-term partner The Gannochy Trust supported a range of creative learning opportunities under the headings Join In, Performance and Participation, Enterprise and Celebrate, for young people across Perth and Kinross. In addition to the figures above, the sum of £9,094 was received in 2020-21 which pertains to activities that will happen in 2021-22.

**Corporate Donation – Event Specific (2020)**

A donation from Whisky Auctioneer Ltd and a grant from Inchcape Foundation towards the Women of the World Festival, Perth 2019 – the only Scottish version of this global festival which celebrates women and girls whilst taking a frank look at the obstacles they face.

## HORSECROSS ARTS LIMITED

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

for the year ended 31 March 2021

#### 20. Restricted funds (Group and company) (continued)

##### **Creative Scotland – Performance Specific**

A grant was received from Creative Scotland to engage young carers in an educational film making project. The sum of £4,155 was received in 2020-21 which pertains to activities that will happen in 2021-22.

In 2019-20, a grant awarded to playwright Morna Young by Creative Scotland for her debut, Perth Theatre-produced play *Lost at Sea*. This epic tale, spanning forty years of the fishing industry and told through the eyes of one family and its surrounding community, premiered at Perth theatre before going on tour across the country.

##### **Youth Arts Access Fund**

A grant of £26,474 was received in March 2021 as the first instalment towards a project to support youth arts and in particular, pre-school children. The activities and period to which this grant relates is 2021-22.

##### **Communities Recovery Fund**

The sum of £12,814 was received in 2020-21 which pertains to activities that will happen in 2021-22. These activities involve creating a memory a story collection around the St Johnstone Football Club and the Lost Railways of Perthshire and the local community.

##### **Creative Scotland – Performing Arts Venue Relief Fund**

£749,900 was received during the year to pay freelancers, to avoid redundancies and to enable to the return of staff from furlough as well as to cover the bulk of the year end advance ticket sales liability. £13,202 of this amount related to the postponed performance of *The Signalman* which played in September 2021 and £15,656 which relates to community Gig on a Truck which took place in the summer and autumn of 2021. This total of £28,858 will be recognised in the Financial Statements of 2021-22.

##### **Perth and Kinross Council – Event Specific (2020)**

A grant from key partner Perth and Kinross Council towards *The Visit 2019* – a music industry event aimed at promoting Scottish artist and musicians and attended by agents, festivals venues, record labels, managers and media from Southern Europe.

##### **Arts & Business – Performance Specific (2020)**

Match funding of Bright Spirits' corporate sponsorship from Arts & Business Scotland's Culture Business Fund Scotland supported the creative team costs of Perth Theatre's hit production of *The Importance of Being Earnest*.

##### **National Heritage**

Horsecross Arts received £60,800 towards the costs of maintaining Perth Theatre during the pandemic. At the yearend £5,814, which was received to fund a video tour which couldn't be made until after the reopening of the Theatre, was retained in prepaid income.

##### **Third Sector Resilience Fund**

The organisation received £99,999 towards its core running costs during the pandemic.

##### **Other restricted funds**

Throughout the year, the Charity received a number of grants and donations for various specific projects, including: grants from Northwood Charitable Trust (£8,000) and William Syson Foundation (£9,556). Both

**HORSECROSS ARTS LIMITED**

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

**for the year ended 31 March 2021**

of these amounts will be recognised in the financial statements of 2021-22. Full details of the individual restricted funds are available on request from the registered address.

Perthshire public Art Trust – a Grant of £12,000 was received in 2019-20 towards an art installation and associated performance piece on theme of climate change. At 31.03.21, £9,435 was included in prepaid income as the installation and performance are yet to be designed.

	<b>Included in the SOFA</b>	<b>Included in Prepaid Income</b>	<b>Total Received in the Year</b>
	<b>£</b>	<b>£</b>	<b>£</b>
The Gannochy Trust	78,671	9,094	87,765
Creative Scotland – Performance Specific	-	4,155	4,155
Youth Arts Access Fund	-	26,474	26,474
Communities Recovery Fund		12,814	12,814
Creative Scotland -PAVRF	721,042	28,858	749,900
Third Sector Resilience Fund	99,999		99,999
National Heritage Grant	54,986	5,814	60,800
Scottish Chamber Orchestra	8,920	-	8,920
Other restricted funds	7,565	29,991	37,556
	<u>971,183</u>	<u>117,200</u>	<u>1,088,383</u>

**HORSECROSS ARTS LIMITED**

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

**for the year ended 31 March 2021**

**22. Analysis of net assets/(liabilities) between funds**

<b>2021 Group</b>	<b>Unrestricted Funds £</b>	<b>Restricted funds £</b>	<b>Total £</b>
Fund balances at 31 March 2021 are represented by:			
Tangible fixed assets	317,418	-	317,418
Current assets	1,335,273	10,871	1,346,144
Creditors	(2,121,639)	-	(2,121,639)
	<u>(468,948)</u>	<u>10,871</u>	<u>(458,077)</u>
<b>2021 Company</b>	<b>Unrestricted Funds £</b>	<b>Restricted funds £</b>	<b>Total £</b>
Fund balances at 31 March 2021 are represented by:			
Tangible fixed assets	304,056	-	304,056
Investments	3	-	3
Current assets	1,251,257	10,871	1,262,128
Creditors	(2,072,145)	-	(2,072,145)
	<u>(516,829)</u>	<u>10,871</u>	<u>(505,958)</u>
<b>2020 Restated Group</b>	<b>Unrestricted Funds £</b>	<b>Restricted funds £</b>	<b>Total £</b>
Fund balances at 31 March 2020 are represented by:			
Tangible fixed assets	396,590	-	396,590
Current assets	564,560	11,946	576,506
Creditors	(2,253,126)	-	(2,253,126)
	<u>(1,291,976)</u>	<u>11,946</u>	<u>(1,280,030)</u>
<b>2020 Restated Company</b>	<b>Unrestricted Funds £</b>	<b>Restricted funds £</b>	<b>Total £</b>
Fund balances at 31 March 2020 are represented by:			
Tangible fixed assets	376,002	-	376,002
Investments	3	-	3
Current assets	445,761	11,946	457,707
Creditors	(2,383,717)	-	(2,383,717)
	<u>(1,561,951)</u>	<u>11,946</u>	<u>(1,550,005)</u>

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

**for the year ended 31 March 2021**

**23. Reconciliation of net Income/(expenditure) to net cash flow from operating activities**

	Group		Company	
	2021 £	Restated 2020 £	2021 £	Restated 2020 £
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	821,953	(127,097)	1,018,047	(37,921)
<b>Adjustments for:</b>				
Depreciation charges	79,172	73,269	71,946	65,134
Decrease in stocks	888	15,957	-	1,450
(Increase)/Decrease in debtors	(258,302)	267,039	(325,431)	227,901
(Decrease)/Increase in creditors	(347,879)	(36,606)	(527,964)	2,353
Increase/(Decrease) in provisions	216,392	(85,907)	216,392	(85,907)
<b>Net cash provided by/(used in) operating activities</b>	<u>512,224</u>	<u>106,655</u>	<u>478,990</u>	<u>173,010</u>

**24. Operating lease commitments**

At 31 March 2021 the total commitments payable under non-cancellable operating leases was as follows:

Group and company	2021		2020	
	Land & buildings £	Other £	Land & buildings £	Other £
Operating leases which expire in 1 year	4,101	4,280	4,101	3,958
Operating leases which expire in 2 to 5 years	16,404	13,910	16,404	-
Operating leases which expire in over 5 years	94,322	-	102,523	-
	<u>114,827</u>	<u>18,910</u>	<u>123,028</u>	<u>3,958</u>

**25. 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 2021

#### 25. 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.

#### 26. 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.

#### 27. Post balance sheet events

The organisation has sourced £334k from the *Performing Arts Venues Relief Fund (2<sup>nd</sup> wave)*.

A new Head of External Relations took up post in October 2021.

**HORSECROSS ARTS LIMITED**

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

**for the year ended 31 March 2021**

**28. Prior period adjustment**

<b>Reconciliation of changes in Reserves</b>	Group 2019 £	Company 2019 £
Reserves as previously reported	(145,411)	(504,562)
<b>Adjustments to prior year</b>		
Adjustment to pension deficit	(1,007,522)	(1,007,522)
	<u>                    </u>	<u>                    </u>
Reserves adjusted	(1,152,933)	(1,512,084)
	<u>                    </u>	<u>                    </u>

<b>Reconciliation of changes in deficit for the previous financial period</b>	Group 2020 £	Company 2020 £
Deficit as previously reported	(213,004)	(123,828)
<b>Adjustments to prior year</b>		
Adjustment to pension deficit	85,907	85,907
	<u>                    </u>	<u>                    </u>
Surplus as adjusted	(127,097)	(37,921)
	<u>                    </u>	<u>                    </u>

A prior year adjustment was applied in the year to recognise the pension deficit.