

HORSECROSS ARTS LIMITED

Company Number SC301328
Charity Registration Number SC022400

Trustees' Report and Consolidated Financial Statements

For the year ended 31 March 2023

HORSECROSS ARTS LIMITED
Trustees' Annual Report
for the year ended 31 March 2023

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HORSECROSS ARTS LIMITED
Trustees' Annual Report
for the year ended 31 March 2023

Trustees Report for Financial Year to 31 March

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 2023. In October 2022, the Board agreed to take a trading name of Perth Theatre and Concert Hall under which all subsequently activity has traded.

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

The Board of Horsecross Arts agreed a new articulation of its Vision and Mission in September 2022. It uses this to guide our work in the pursuance of our charitable objectives, that we seek to achieve 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 vision statement is:

To ensure that the performing arts essential to our local communities.

We seek to achieve this by:

- Inspiring – as a source of entertainment, enlightenment, joy and wellbeing
- Exploring – forging into the new, inventing fresh approaches and developing different ways of working
- Connecting – with our communities, meeting their needs, striving to include everyone
- Educating – by supporting learning and training across our whole range of activities for staff, participants, the sector and future generations

The artistic programme presents a broad range of activities to appeal to a variety 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. We operate an extensive programme of participatory events across artforms engaging targeted groups where arts-based activity can support clearly articulated community need. We work closely with schools and community groups on the development and implementation of this programme across the Perth and Kinross region. 2022-23 was our first full year of operation since reopening following the Covid 19 pandemic and our work returned fully to in-person activities at our home base in Perth City and in partner venues.

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for the year ended 31 March 2023

Achievements and Performance

During 2022/23, Perth Theatre and Concert Hall hosted 531 public performances across both its venues, selling 133,151 tickets for a total value of £2,593,140. This made the year our best performing since foundation.

Perth Theatre produced 5 productions during the year. *I Am Tiger* by Oliver Emmanuel was co-produced with Edinburgh International Children's Festival and played both in Perth and Edinburgh, winning Best Production for Children and Young People at the 2022 CATS Awards. It was followed by the culmination of 2-years working with communities on the creation and presentation of *Oh When The Saints!* by Martin McCormick – a joyful community celebration of the successes of local football club St Johnston FC. This production, nominated as the only Scottish Theatre in The Stage Awards, featured a community cast of 40 local people, an 'all Perth' professional performing company and attracted 33% first time bookers to the Theatre – bringing new audiences to our venue.

Autumn saw us co-produce with Dundee Rep the World Premier of *Don Quixote – Man of Clackmananshire* by Ben Lewis, a funny and moving exploration of one man's descent into dementia. We also hosted an intergenerational project around this production with young people from exclusion unit Navigate working with residents of city centre sheltered housing complex Causeway Court to explore objects and memory culminating in an exhibition in Perth Theatre. The Christmas season saw us stage *Jack and the Beanstalk* once more written and directed by Barrie Hunter. Our popular traditional family pantomime broke box office records and made the show our most successful pantomime ever with total audiences reaching 17,331. The show was recognised by two nominations for the UK Pantomime Awards for Best Design and Best Costume.

In Spring we relaunched our Theatre Subscription Series, spanning a range of produced and presented works and introduced Theatre Talks – a pre-show discussion around the work on stage as a means to further engagement with our on-stage programme. We collaborated with The Byre in St Andrews on a new playwrighting competition, won by Leila Noble's *The Man In The Submarine* and presented for a sold-out run in our Joan Knight Studio and at the Byre. We also staged a revival of Willie Russell's comedy *Educating Rita* in the Theatre in March. Other touring work included a sold out run of the National Theatre of Scotland's *Burn* featuring Alan Cumming and *Enough Of Him* about a young black man brought to Perthshire as a slave who was emancipated and instrumental in the abolition of slavery in Scotland.

At Perth Concert Hall our programme continued to present a broad variety of genres. Highlights of the in-house contemporary promotions included Scotland Sings Nanci Griffith in collaboration with Celtic Connections and our sell out charity Concert For Ukraine – bringing stars of Scottish traditional music together to raise funds for those affected by the war in Ukraine. We were finally able to present the only show outside Ireland for Andy Irvine and Paul Brady after three postponements for an emotional celebration of a classic album and the lifetime achievement of some genuine legends of Irish music. We also presented the only Scottish show for Woman To Woman featuring Judy Tzuke, Beverly Craven, Julia Fordham and Rumer. Other standout visiting shows included sellouts from Peat & Diesel, The Proclaimers, Skerryvore and Saving Grace featuring Robert Plant. Our tribute and light entertainment programme performed strongly across the year.

Our music programme in the Joan Knight Studio was almost exclusively Scottish. It embraced a wide range of singer-songwriters, traditional and jazz artists including Fergus McCreadie, Heal & Harrow, Jill Jackson, Elephant Sessions, Horse, Niteworks and a memorable double bill featuring local artists Roberto Cassani and Debra Salem.

Our comedy strand also remains a mainstay of our programme and continues to diversify across all 3 of our performance spaces. Highlights included Ray Bradbury in the Joan Knight Studio, Reginald D Hunter, Daniel Sloss and Joanne McNally in the Theatre and Fascinating Aida, Sarah Millican, Omid Djalili, Jason Sanford, Jim Smith, Janey Godley and I'm Sorry I Haven't A Clue in the Concert Hall.

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for the year ended 31 March 2023

Achievements and Performance (continued)

The classical programme in the Hall continues to build audiences and key highlights included the world premiere of James MacMillan's *Violin Concerto Number 2* performed by Nicola Beneditti to a sold-out auditorium and we saw strong audience growth across the whole orchestral programme. We hosted the Armenian State Symphony Orchestra on their first ever UK tour and we moved to develop our chamber programme by launching *Classical Stars* – well known performers playing work alone or with piano accompaniment. Sheku Kanneh-Mason's cello Recital was of the very highest standard by a world-leading artist whose career is a testament to growing diversity in classical music and attracted a much younger than average audience for classical music.

We continue to build our opera audience with and presented the Scottish exclusive of Graeae's production *The Paradis Files* by Scotland based composer Errollyn Wallen. A quite extraordinary and life enhancing work performed by an extraordinary cast of deaf and disabled artists that was produced with such care and skill that the physical challenges experienced by the performers integrated seamlessly into the show and increased its impact. We also hosted Scottish Opera's semi-staged production of Massenet's *Therese* continuing our fruitful partnership with Scotland's national opera company.

Our entire estate was taken over for the Royal National Mod in October, hosted in partnership with Perth and Kinross Council for the first time it has visited Perth in 18 years. All day opening across both venues and using all of our spaces for competition and performance, the event attracted 7,500 attendees across the week and further cemented our role as a major centre for traditional Scottish arts. It also featured our young people's traditional music big band – *The Gordon Duncan Experience*, increasing their profile and offering further opportunities for this group to develop skills and experience.

Our learning and engagement programme continued to thrive with strong partnership working to deliver arts-based activity that supported the needs of our community. *The Harmony Project* worked with three primary schools and three residential care homes to co-write a song based on the reminiscences of the residents with the children and performed in the homes and recorded in our Concert Hall. Work continued with care home residents related to our production of *Don Quixote* themes from the play to the residents' perspectives on aging and memory leading to a photography exhibition in the theatre foyer prior to the performance.

Schools work continued strongly with the launch of our Teachers Club and re-engagement of secondary schools post-Covid. We have now hosted a range of secondary schools for visits and work experience and are building stronger links between schools and attendance at on-stage programming. We have launched a residency with Special Educational Needs schools Fairview which sees artists in residence working with the students over the longer term.

Community focused activities saw the return of our successful *Gig On A Truck* project, playing for care home residents, at targeted community events and at the Perth Show. Our partnership with Mindspace developed with a second creative writing group opening and demand continuing to outstrip what we are currently able to supply. The mainstage focus on the community programmed continued with 40 local people participating in our large-scale show *Oh When The Saints* forming a lively chorus of football fans, and several moving on to audition for the community company of our annual panto.

Perth Youth Theatre continues to thrive, and their second mainstage production took place in February 2023 featuring 26 young people, double the previous year's participants. *Brainstorm* was a template play – a structure into which the young people placed their own experiences and ideas for performance, focusing on how teenagers' brains shift and change as they grow and develop. The ongoing programme of activities continues to face strong demand with waiting lists for P4-7 and S1-3 groups.

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Achievements and Performance (continued)

Our skills development focus is growing, and we hosted a residency from Saudi Arabia of young practitioners across a range of production disciplines, to shadow, learn and share skills across our team. The programme was successful despite some of the cultural and language barriers that both sides faced, but it highlighted how we as an organisation are well placed to support skills development for the sector given the range of activities and facilities that we have. As a result, we have developed our relationship with UHI Perth College to support the development of their Theatre Skills degree programme and started to build pathways for backstage activities for local young people.

At the end of the financial year, Lu Kemp the Theatre Artistic Director stood down from her post. The organisation will examine and develop its artistic and programming leadership structure subsequent to this.

Future activity

2023/24 will see Perth Theatre make major collaborative partnerships to ensure that its work reaches wider audiences across Scotland with the production and tour of major contemporary Scottish classic *Tally's Blood* by Anne Marie di Mambro, with the Gaiety Theatre in Ayr and Cumbernauld Theatre Company as well as premiering a new musical adaptation of hit 80s film *Restless Natives*. Alongside our annual panto and range of toured in activity, the theatre programme will focus very much on audiences.

The Concert Hall programme continues to develop new audiences for classical work, introducing a new talks programme to support audience understanding and demystifying classical music for broad audiences.

We launched our pilot of the Perthshire Box Office in spring 2023, using our infrastructure to provide ticketing services to a range of events and venues across Perth and Kinross, to maximise audience impact and support others to run a professional box office system. We were awarded £80,000 by Perth and Kinross Council to further develop this initiative in 2023/24.

We will undertake targeted work around audiences in the Polish diaspora, those from LGBTQ+ communities, SMID areas and youth peoples' independent engagement with on stage programming as key development initiatives during the year aligned to our new IDEA (Inclusion, Diversity, Equalities, Access) strategy.

During the first quarter of the financial year, our Associate Director, Learning and Engagement stood down from her post. A revised role of Head of Learning and Engagement was recruited to and the postholder will join the organisation in September 2023. The Chief Executive, Nick Williams, also stood down in July 2023 and the replacement recruitment is ongoing at the time of writing. The Director of External Relations, Christopher Glasgow, takes on Chief Executive responsibilities in the interim.

Financial Review

2022/23 was the first full year of normalised trading post-pandemic. We received a further Covid-support grant from Creative Scotland in April 2022 to support ongoing resilience post-pandemic as we returned to normalised operations. Sales picked up strongly as we progressed through the year, and we maintained ongoing tight financial control to work towards a long-term stable model of operation.

Total incoming group resources for the year were £5.625m (2022 – £4.022m) including restricted fund income of £230k (2021 - £1.026m).

The group net increase on general funds was £843k (2022 – £775k) after expenditure of £5.448m (2022 - £3.711m) and actuarial gains on pension fund of £666k (2022 – £465k).

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Financial Review (continued)

Group net assets at 31 March 2023 were £1.16m (2022 – £317k). General funds had a balance of £1.135m (2022 – £938k) and £32k (2022 – £0) 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).

The £7k pension liability (2022 - £673k liability), reconciles the £1.135m general funds to the total group net assets figure of £1.16m.

Net current assets stood at £847k (2022 – £665k)

Advance Ticket Liabilities were £675k (2022 - £937k)

Cash balances were £1.602m (2022 – £1.792m)

Trading conditions improved as we progressed through the year, with noticeably stronger sales performance in the second half of the year from the commencement of the autumn season. This was also reflected in our ancillary sales income which was further boosted by the re-opening of Perth Theatre café in October 2022.

We monitor sales patterns, responses to offers and enticements, how ticket buying responds to public affairs and other metrics to inform our approach to programme and marketing.

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 2024 with planning figures issued until 2025 from Creative Scotland and to 2026 from Perth and Kinross Council. We also enjoy a 3-year agreement with the Gannochy Trust to support our work in our local communities which runs until March 2025.

As well as its primary purpose, charitable trading and other activities for generating funds, the charity runs a conferencing business and its bars and café through its wholly owned subsidiary, Horsecross Trading Limited, whose results are consolidated with those of the charity in the accounts.

We received an additional grant of £242k from Creative Scotland in April 2022 to support Resilience post-pandemic. No further Covid-related funding was available to us during the financial year.

We also received £83k in philanthropic support from audience members making one-off and regular donations. This total also includes legacy of £32k to support our work with Children and Young People. We receive a range of targeted grants from charitable trusts and foundations to the value of £1.063m to support our activities as shown in note 4.

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.

Currently, the risks rated as 'high' fall into two categories. Firstly, financial, with regard to material negative changes to support from external funders. This is mitigated by the identification of alternative funding streams and by working closely on major stakeholder relationships. Secondly, the physical condition of both Perth Theatre and Perth Concert Hall having a material impact on our activities and offering. Mitigations in this area are centred on relationships with PKC (the building owners) to manage issues as they arise and work together on a planned refurbishment of the Concert Hall.

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Reserves policy

A charity's reserves are made up of unrestricted and restricted funds. Restricted funds are those received with conditions imposed by the donor as to their use. Unrestricted funds are those received with no conditions attached. Trustees may earmark part of the charity's unrestricted funds to be used for specific purposes in the future. These are called designated funds and are accounted for separately within unrestricted funds. The Trustees have the power to re-designate such funds within unrestricted funds. General reserves are those funds within unrestricted funds which have not been designated.

General reserves are needed to bridge the gap between the spending and receiving of income, to cover unplanned expenditure, and to provide funds for maintenance and artistic planning purposes. In addition, specific reserves are required to support the required replacement of capital items over time.

Currently Horsecross holds a total £1.160m in reserves, of which £33k is restricted. Excluding liabilities of £7k associated with the pension reserve, a sum of £1.134m of this total is held in unrestricted and designated reserves.

The Trustees will aim to continue to build general reserves over the medium term with a target of approximately 3-months operating expenditure (£800k).

The Trustees have designated a capital fund, to meet the required replacement of capital items over time with current requirements estimated at £1m+, and a resilience fund for more one-off specific projects.

This would leave the group reserve as follows:

| | |
|---|--------|
| Unrestricted | £000 |
| Designated Capital Fund | 250 |
| Designated Resilience fund | 242 |
| General Reserves relating to Fixed Assets | £321 |
| Free General Reserves | £331 |
| Total | £1,134 |

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 12 months from the date of the audit report.

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.

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

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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. . In October 2022, the Trustees agreed to take on a new trading name for the charity, with all subsequent activity taking place under the trading name of "Perth Theatre and Concert Hall".

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. The Board currently operates the following sub-committee structure with a Finance and General Purposes Committee, a Nominations Committee, and a People Committee meeting in line with Board cycles and reporting to the full board.

During 2022-23, following the local Council elections in May 2022, all three Perth and Kinross Council members who sit on the Horsecross Arts Board were replaced by the Council

Perth and Kinross Council are undertaking a review of their ALEO commissioning during 2023/24. This has the potential to lead to major structural change for the current ALEO model though no indicative models have been presented as a part of the review at time of writing. The Trustees are engaged in dialogue with the Council over the review

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.

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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 Leadership Team and a Senior Management team.

The Leadership Team comprises the Chief Executive, the Director of Finance & HR and the Director of External Relations. The Senior Management Team includes the above along with the Head of Events & 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 will restructure its Leadership and Senior Management team during 2023 to facilitate an evolution in its approach to artistic programming. This will see the deletion of the role of Theatre Artistic Director, the creation of a new Deputy Director role and the CEO will become known as Director, with a greater emphasis on artistic programming. The current CEO stepped down in July 2023 with recruitment for a new Director ongoing at the time of writing.

HORSECROSS ARTS LIMITED

Trustees' Annual Report

for the year ended 31 March 2023

Reference and Administrative Information

Charity number SC022400

Company Number SC301328

The company is registered in Scotland.

Trustees (and Directors)

At the date of this report:

Dr Colin Hood

Peter Fotheringham

Gordon Macdougall

Steven Stewart

Susan Adams

Marysia Lewis

Vanessa Rawlings Jackson

Cllr Anne Jarvis (Perth & Kinross Council nominee) (resigned 6 May 2022)

Cllr Calum Purves (Perth & Kinross Council nominee) (resigned 6 May 2022)

Cllr Stewart Donaldson (Perth & Kinross Council nominee) (resigned 6 May 2022)

Cllr Kenneth Harvey (Perth & Kinross Council nominee) (appointed 25 May 2022)

Cllr David Illingworth (Perth & Kinross Council nominee) (appointed 25 May 2022)

Cllr Iain MacPherson (Perth & Kinross Council nominee) (appointed 25 May 2022)

Key management personnel

Christopher Glasgow Interim Chief Executive

Audrey Borthwick Interim Head of Finance and Administration

Pamela Dochard Interim Head of External Relations

Registered Office

Perth Concert Hall

Mill Street

Perth.

PH1 5HZ

Auditor

Henderson Loggie LLP

11-15 Thistle Street

Edinburgh

EH2 1DF

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 2023

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 regulations.

Company law requires the Trustees to prepare accounts for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that 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
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose, with reasonable accuracy at any time, the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006, with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Auditor

The auditor, Henderson Loggie LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

This report has been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) 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 6 December 2023 and signed on 12 December 2023 and signed on its behalf by:



Dr Colin Hood
Chairman

HORSECROSS ARTS LIMITED

Independent Auditor's Report to the Members and Trustees

for the year ended 31 March 2023

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 2023 which comprise the consolidated statement of financial activities, charitable company 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 2023, and of the group's and parent charitable company's incoming resources and application of resources, including the group's and parent charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and 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 annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

HORSECROSS ARTS LIMITED

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

for the year ended 31 March 2023

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:

HORSECROSS ARTS LIMITED

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

for the year ended 31 March 2023

Auditor's responsibilities for the audit of the financial statements (continued)

As part of our planning process:

- We enquired of management the systems and controls the company has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud;
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: Health and Safety; regulations from the food standards agency; compliance with alcohol licences; Data Protection Act 2018; and compliance with the UK Companies Act.
- We considered the incentives and opportunities that exist in the company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and
- Using our knowledge of the company, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- 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.
- 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.

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.

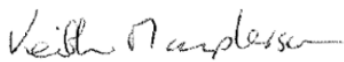
HORSECROSS ARTS LIMITED

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

for the year ended 31 March 2023

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.



Keith Macpherson (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

11-15 Thistle Street

Edinburgh

EH2 1DF

12 December 2023

HORSECROSS ARTS LIMITED

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

for the year ended 31 March 2023

| | Note | Unrestricted Funds £ | Designated Fund £ | Unrestricted Pension Reserve £ | Restricted Funds £ | 2023 Total Funds £ | 2022 Total Funds £ |
|---|------|----------------------------|-------------------------|---|--------------------------|-----------------------------|-----------------------------|
| Income and endowments from: | | | | | | | |
| Donations and legacies | 4 | 916,481 | - | - | 230,066 | 1,146,547 | 1,675,303 |
| Charitable activities | 5 | 3,296,293 | - | - | - | 3,296,293 | 1,940,481 |
| Other trading activities | 6 | 1,182,464 | - | - | - | 1,182,464 | 406,151 |
| Total | | <u>5,395,238</u> | <u>-</u> | <u>-</u> | <u>230,066</u> | <u>5,625,304</u> | <u>4,021,935</u> |
| Expenditure on: | | | | | | | |
| Raising funds | 7 | 938,892 | - | - | - | 938,892 | 624,417 |
| Charitable activities | 8 | 4,312,196 | - | - | 197,316 | 4,509,512 | 3,086,857 |
| Total | | <u>5,251,088</u> | <u>-</u> | <u>-</u> | <u>197,316</u> | <u>5,448,404</u> | <u>3,711,274</u> |
| Net income/ (expenditure) | 11 | 144,150 | - | - | 32,750 | 176,900 | 310,661 |
| Transfers to designated fund | | (338,798) | 338,798 | - | - | - | - |
| Transfers from designated fund | | - | - | - | - | - | - |
| Actuarial gains on defined benefit pension | | - | - | 666,294 | - | 666,294 | 464,716 |
| Net movement in funds | | <u>(194,648)</u> | <u>338,798</u> | <u>666,294</u> | <u>32,750</u> | <u>843,194</u> | <u>775,377</u> |
| Reconciliation of funds: | | | | | | | |
| Total funds brought forward | | 836,955 | 153,636 | (673,291) | - | 317,300 | (458,077) |
| Total funds carried forward | | <u><u>642,307</u></u> | <u><u>492,434</u></u> | <u><u>(6,997)</u></u> | <u><u>32,750</u></u> | <u><u>1,160,494</u></u> | <u><u>317,300</u></u> |

All activities relate to continuing operations.

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

The notes on pages 21 to 46 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 2023

| | Note | Unrestricted Funds £ | Designated Funds £ | Unrestricted Pension Reserve £ | Restricted Funds £ | 2023 Total Funds £ | 2022 Total Funds £ |
|---|------|----------------------------|--------------------------|---|--------------------------|-----------------------------|-----------------------------|
| Income and endowments from: | | | | | | | |
| Donations and legacies | 4 | 916,481 | - | - | 230,066 | 1,146,547 | 1,675,303 |
| Charitable activities | 5 | 3,296,293 | - | - | - | 3,296,293 | 1,940,481 |
| Other trading activities | 6 | 486,819 | - | - | - | 486,819 | 190,166 |
| Total | | <u>4,699,593</u> | <u>-</u> | <u>-</u> | <u>230,066</u> | <u>4,929,659</u> | <u>3,805,950</u> |
| Expenditure on: | | | | | | | |
| Raising funds | 7 | 427,490 | - | - | - | 427,490 | 446,294 |
| Charitable activities | 8 | 4,312,196 | - | - | 197,316 | 4,509,512 | 3,086,857 |
| Total | | <u>4,739,686</u> | <u>-</u> | <u>-</u> | <u>197,316</u> | <u>4,937,002</u> | <u>3,533,151</u> |
| Net income/ (expenditure) | 11 | (40,093) | - | - | 32,750 | (7,343) | 272,799 |
| Transfer to designated fund | | (338,798) | 338,798 | - | - | - | - |
| Transfers from designated fund | | - | - | - | - | - | - |
| Actuarial gains on defined benefit pension | | - | - | 666,294 | - | 666,294 | 464,716 |
| Net movement in funds | | <u>(378,891)</u> | <u>338,798</u> | <u>666,294</u> | <u>32,750</u> | <u>658,951</u> | <u>737,515</u> |
| Reconciliation of funds: | | | | | | | |
| Total funds brought forward | | 751,212 | 153,636 | (673,291) | - | 231,557 | (505,958) |
| Total funds carried forward | | <u><u>372,321</u></u> | <u><u>492,434</u></u> | <u><u>(6,997)</u></u> | <u><u>32,750</u></u> | <u><u>890,508</u></u> | <u><u>231,557</u></u> |

All activities relate to continuing operations.

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

The notes on pages 21 to 46 form part of these financial statements

HORSECROSS ARTS LIMITED

Consolidated Balance Sheet

as at 31 March 2023

| | | 2023 | | 2022 | |
|--|-------|-------------|-----------|-------------|-----------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 14 | | 320,526 | | 326,030 |
| Current assets | | | | | |
| Stocks | | 17,368 | | 13,898 | |
| Debtors and prepayments | 16 | 493,571 | | 324,460 | |
| Cash at bank and in hand | | 1,602,049 | | 1,791,938 | |
| | | 2,112,988 | | 2,130,296 | |
| Liabilities | | | | | |
| Creditors: amounts falling due within one year | 17 | (1,266,023) | | (1,465,735) | |
| | | | | | |
| Net current assets/(liabilities) | | | 846,965 | | 664,561 |
| Provisions for liabilities | 19 | | (6,997) | | (673,291) |
| | | | | | |
| Total net liabilities | 21 | | 1,160,494 | | 317,300 |
| The funds of the charity: | | | | | |
| Restricted funds | 21 | | 32,750 | | - |
| General unrestricted funds | | | 642,307 | | 836,955 |
| Designated unrestricted capital funds | | | 492,434 | | 153,636 |
| Pension reserves | | | (6,997) | | (673,291) |
| | | | 1,160,494 | | 317,300 |

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 6 December 2023 and signed on 12 December 2023 and signed on behalf of the board by:



Dr Colin Hood
Chairman

Company Registration No. SC301328

HORSECROSS ARTS LIMITED

Company Balance Sheet

as at 31 March 2023

| | | 2023 | | 2022 | |
|--|-------|-------------|---------|-------------|-----------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 14 | | 311,068 | | 309,307 |
| Investments | 15 | | 3 | | 3 |
| | | | 311,071 | | 309,310 |
| Current assets | | | | | |
| Stock | | 1,466 | | 1,539 | |
| Debtors and prepayments | 16 | 557,012 | | 346,922 | |
| Cash at bank and in hand | | 1,236,736 | | 1,653,822 | |
| | | 1,795,214 | | 2,002,283 | |
| Liabilities | | | | | |
| Creditors: amounts falling due within one year | 17 | (1,208,780) | | (1,406,745) | |
| Net current assets/(liabilities) | | | 586,434 | | 595,538 |
| Provisions for liabilities | 19 | | (6,997) | | (673,291) |
| Total net assets/(liabilities) | 21 | | 890,508 | | 231,557 |
| The funds of the charity: | | | | | |
| Restricted funds | 21 | | 32,750 | | - |
| General unrestricted funds | | | 372,321 | | 751,212 |
| Designated unrestricted capital funds | | | 492,434 | | 153,636 |
| Pension reserves | | | (6,997) | | (673,291) |
| | | | 890,508 | | 231,557 |

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 6 December 2023 and signed on 12 December 2023 behalf of the board by:



Dr Colin Hood
Chairman

Company Registration No. SC301328

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements

for the year ended 31 March 2023

| | Notes | Group | | Company | |
|---|-------|------------------|------------------|------------------|------------------|
| | | 2023 £ | 2022 £ | 2023 £ | 2022 £ |
| Cash flows from operating activities: | | | | | |
| Net cash provided by/(used in) operating activities | 23 | (90,818) | 1,057,732 | (319,355) | 1,004,519 |
| Cash flows from investing activities: | | | | | |
| Purchase of property, plant and equipment | | (99,071) | (111,969) | (97,731) | (96,364) |
| <hr/> | | | | | |
| Change in cash and cash equivalents in the reporting period | | (189,889) | 945,763 | (417,086) | 908,155 |
| Cash and cash equivalents at the beginning of the period | | 1,791,938 | 846,175 | 1,653,822 | 745,667 |
| <hr/> | | | | | |
| Cash and cash equivalents at the end of the reporting period | | <u>1,602,049</u> | <u>1,791,938</u> | <u>1,236,736</u> | <u>1,653,822</u> |

The notes on pages 21 to 46 form part of these financial statements

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements

for the year ended 31 March 2023

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 2023

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 12 months from the date of the audit report.

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.

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

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, based on the applications, 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 2023

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 9.

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 2023

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 |
| IT | over 3 years 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 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 2023

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.

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 2023

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 adopts 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 income for shows and performances which span the year end. Management defers 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 2023

3. Comparative Statement of Financial Activities

Group 2022

| | Note | Unrestricted Funds £ | Designated Fund £ | Unrestricted Pension Reserve £ | Restricted Funds £ | 2022 Total Funds £ |
|---------------------------------------|------|----------------------------|-------------------------|---|--------------------------|-----------------------------|
| Income and endowments from: | | | | | | |
| Donations and legacies | | 649,318 | - | - | 1,025,985 | 1,675,303 |
| Charitable activities | 5 | 1,940,481 | - | - | - | 1,940,481 |
| Other trading activities | 6 | 406,151 | - | - | - | 406,151 |
| Total | | <u>2,995,950</u> | <u>-</u> | <u>-</u> | <u>1,025,985</u> | <u>4,021,935</u> |
| Expenditure on: | | | | | | |
| Raising funds | 7 | 583,755 | - | - | 40,662 | 624,417 |
| Charitable activities | 8 | 2,090,663 | - | - | 996,194 | 3,086,857 |
| Total | | <u>2,674,418</u> | <u>-</u> | <u>-</u> | <u>1,036,856</u> | <u>3,711,274</u> |
| Net income/ (expenditure) | | 321,532 | - | - | (10,871) | 310,661 |
| Transfers to designated fund | | (250,000) | 250,000 | - | - | - |
| Transfers from designated fund | | 96,364 | (96,364) | - | - | - |
| Pension Deficit remeasurement | | - | - | 464,716 | - | 464,716 |
| Net movement in funds | | 167,896 | 153,636 | 464,716 | (10,871) | 775,377 |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | | 669,059 | - | (1,138,007) | 10,871 | (458,077) |
| Total funds carried forward | | <u><u>836,955</u></u> | <u><u>153,636</u></u> | <u><u>(673,291)</u></u> | <u><u>-</u></u> | <u><u>317,300</u></u> |

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements

for the year ended 31 March 2023

3. Comparative Statement of Financial Activities (continued)

Company 2022

| | Note | Unrestricted Funds £ | Designated Fund £ | Unrestricted Pension Reserve £ | Restricted Funds £ | 2022 Total Funds £ |
|---------------------------------------|------|----------------------------|-------------------------|---|--------------------------|-----------------------------|
| Income and endowments from: | | | | | | |
| Donations and legacies | | 649,318 | - | - | 1,025,985 | 1,675,303 |
| Charitable activities | 5 | 1,940,481 | - | - | - | 1,940,481 |
| Other trading activities | 6 | 190,166 | - | - | - | 190,166 |
| Total | | <u>2,779,965</u> | <u>-</u> | <u>-</u> | <u>1,025,985</u> | <u>3,805,950</u> |
| Expenditure on: | | | | | | |
| Raising funds | 7 | 405,632 | - | - | 40,662 | 446,294 |
| Charitable activities | 8 | 2,090,663 | - | - | 996,194 | 3,086,857 |
| Total | | <u>2,496,295</u> | <u>-</u> | <u>-</u> | <u>1,036,856</u> | <u>3,533,151</u> |
| Net income/ (expenditure) | | 283,670 | - | - | (10,871) | 272,799 |
| Transfers to designated fund | | (250,000) | 250,000 | - | - | - |
| Transfers from designated fund | | 96,364 | (96,364) | - | - | - |
| Pension Deficit remeasurement | | - | - | 464,716 | - | 464,716 |
| Net movement in funds | | <u>130,034</u> | <u>153,636</u> | <u>464,716</u> | <u>(10,871)</u> | <u>737,515</u> |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | | 621,178 | - | (1,138,007) | 10,871 | (505,958) |
| Total funds carried forward | | <u><u>751,212</u></u> | <u><u>153,636</u></u> | <u><u>(673,291)</u></u> | <u><u>-</u></u> | <u><u>231,557</u></u> |

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements

for the year ended 31 March 2023

4. Income from donations and legacies

| 2023 | Unrestricted funds £ | Restricted funds £ | 2023 total £ |
|--|-------------------------------------|-----------------------------------|-----------------------------|
| Creative Scotland – Regular funding | 533,333 | - | 533,333 |
| Creative Scotland – Resilience funding | 242,434 | - | 242,434 |
| Creative Scotland – Youth funding | - | 38,961 | 38,961 |
| Creative Scotland – Youth Music Initiative | - | 16,000 | 16,000 |
| The Gannochy Trust | - | 78,638 | 78,638 |
| PKAVS | - | 15,000 | 15,000 |
| Kickstart grants | 22,975 | - | 22,975 |
| Perthshire Public Art Trust | 921 | 1,800 | 2,721 |
| Helen Milne Productions | - | 25,000 | 25,000 |
| Legacy – Mr Robert McEwan | - | 32,750 | 32,750 |
| Other | 116,818 | 21,917 | 138,735 |
| Group | 916,481 | 230,066 | 1,146,547 |
| Subsidiary donation | - | - | - |
| Company | 916,481 | 230,066 | 1,146,547 |

4. Income from donations and legacies (continued)

| 2022 | Unrestricted funds £ | Restricted funds £ | 2022 total £ |
|--|-------------------------------------|-----------------------------------|-----------------------------|
| Creative Scotland – Regular funding | 533,333 | 20,148 | 553,481 |
| Creative Scotland – PAVRF & closure mitigation | - | 781,380 | 781,380 |
| The Gannochy Trust | - | 68,294 | 68,294 |
| National Heritage | - | 5,814 | 5,814 |
| Coronavirus Job Retention Scheme | 38,089 | - | 38,089 |
| Kickstart grants | 9,554 | - | 9,554 |
| Perth & Kinross Council | - | 7,000 | 7,000 |
| Visit Scotland | - | 15,750 | 15,750 |
| Perthshire Public Art Trust | - | 7,635 | 7,635 |
| Helen Milne Productions | - | 76,363 | 76,363 |
| Other | 68,342 | 43,601 | 111,943 |
| Group | 649,318 | 1,025,985 | 1,675,303 |
| Subsidiary donation | - | - | - |
| Company | 649,318 | 1,025,985 | 1,675,303 |

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements

for the year ended 31 March 2023

5. Income from charitable activities

| | 2023 Total unrestricted £ | 2022 Total unrestricted £ |
|--|--|--|
| Group and company | | |
| Perth & Kinross Council service fees | 1,062,480 | 1,062,480 |
| Production and performance income | 2,193,913 | 856,113 |
| Creative learning and community projects | 39,900 | 21,888 |
| | 3,296,293 | 1,940,481 |
| | 3,296,293 | 1,940,481 |

6. Income from other trading activities

| | 2023 Total unrestricted £ | 2022 Total unrestricted £ |
|---|--|--|
| Other retail, merchandising and commission income | 486,819 | 190,166 |
| Sponsorship income | - | - |
| | 486,819 | 190,166 |
| Company | | |
| Conference sales | 678,592 | 215,985 |
| Catering sales | - | - |
| | 678,592 | 215,985 |
| Group | 1,165,411 | 406,151 |

7. Expenditure on raising funds

| 2023 | Direct costs £ | Support costs £ | Governance costs £ | Total 2023 £ |
|------------------------------------|-------------------------------|--------------------------------|-----------------------------------|-----------------------------|
| Fundraising costs | 32,243 | 33,048 | 5,128 | 70,419 |
| Conference and other trading costs | 39,666 | 302,019 | 15,386 | 357,071 |
| | 71,909 | 335,067 | 20,514 | 427,490 |
| Company | | | | |
| Catering costs | 511,401 | - | - | 511,401 |
| | 511,401 | - | - | 511,401 |
| Group | 583,310 | 335,067 | 20,514 | 938,891 |
| | | (Note 9) | (Note 10) | |
| | | | | |
| 2022 | Direct costs £ | Support costs £ | Governance costs £ | Total 2022 £ |
| Fundraising costs | 65,422 | 30,044 | 3,500 | 98,966 |
| Conference and other trading costs | 94,498 | 242,330 | 10,500 | 347,328 |
| | 159,920 | 272,374 | 14,000 | 446,294 |
| Company | | | | |
| Catering costs | 178,123 | - | - | 178,123 |
| | 178,123 | - | - | 178,123 |
| Group | 338,043 | 272,374 | 14,000 | 624,417 |
| | | (Note 9) | (Note 10) | |

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements

for the year ended 31 March 2023

8. Expenditure on charitable activities

| 2023 | Direct Costs £ | Support Costs £ | Governance costs £ | Total 2023 £ |
|---------------------------------|-------------------------------|--------------------------------|-----------------------------------|-----------------------------|
| Group and company | | | | |
| Production and performances | 2,248,569 | 1,816,037 | 76,929 | 4,141,535 |
| Creative learning and community | 227,998 | 84,850 | 5,129 | 367,977 |
| | <u>2,526,567</u> | <u>1,900,887</u> | <u>82,058</u> | <u>4,509,512</u> |
| | | (Note 9) | (Note 10) | |
| | | | | |
| 2022 | Direct Costs £ | Support Costs £ | Governance costs £ | Total 2022 £ |
| Group and company | | | | |
| Production and performances | 1,478,974 | 1,303,698 | 52,502 | 2,835,174 |
| Creative learning and community | 183,087 | 65,096 | 3,500 | 251,683 |
| | <u>1,662,061</u> | <u>1,368,794</u> | <u>56,002</u> | <u>3,086,857</u> |
| | | (Note 9) | (Note 10) | |

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements

for the year ended 31 March 2023

9. Support costs allocated to activities

| 2023 | Raising funds | Production and performances | Creative learning and community | Total 2023 |
|------------------------------|-----------------------|------------------------------------|--|-------------------------|
| Group and company | £ | £ | £ | £ |
| Promotion, publicity & sales | 4,154 | 676,350 | 4,154 | 684,658 |
| Venue operations | 211,352 | 591,784 | 42,270 | 845,406 |
| Support services | 119,561 | 547,903 | 38,426 | 705,890 |
| | <u>335,067</u> | <u>1,816,037</u> | <u>84,850</u> | <u>2,235,954</u> |
| | <u><u>335,067</u></u> | <u><u>1,816,037</u></u> | <u><u>84,850</u></u> | <u><u>2,235,954</u></u> |
| | | | | |
| 2022 | Raising funds | Production and performances | Creative learning and community | Total 2022 |
| Group and company | £ | £ | £ | £ |
| Promotion, publicity & sales | 1,492 | 394,608 | 1,492 | 397,592 |
| Venue operations | 157,021 | 439,602 | 31,494 | 628,117 |
| Support services | 113,861 | 469,488 | 32,110 | 615,459 |
| | <u>272,374</u> | <u>1,303,698</u> | <u>65,096</u> | <u>1,641,168</u> |
| | <u><u>272,374</u></u> | <u><u>1,303,698</u></u> | <u><u>65,096</u></u> | <u><u>1,641,168</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

| 2023 | Raising funds | Production and performances | Creative learning and community | Total 2023 |
|----------------------------|----------------------|------------------------------------|--|-----------------------|
| Group and company | £ | £ | £ | £ |
| Accountancy and audit fees | 3,188 | 11,956 | 797 | 15,941 |
| Legal and professional | 9,845 | 36,919 | 2,462 | 49,226 |
| Other | 6,947 | 26,048 | 1,738 | 34,733 |
| Irrecoverable VAT | 534 | 2,004 | 134 | 2,672 |
| | <u>20,514</u> | <u>76,927</u> | <u>5,131</u> | <u>102,572</u> |
| | <u><u>20,514</u></u> | <u><u>76,927</u></u> | <u><u>5,131</u></u> | <u><u>102,572</u></u> |

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements

for the year ended 31 March 2023

10. Governance costs allocated to activities (continued)

| 2022 | Raising funds | Production and performances | Creative learning and community | Total 2022 |
|----------------------------|----------------------|------------------------------------|--|-------------------|
| Group and company | £ | £ | £ | £ |
| Accountancy and audit fees | 2,472 | 9,270 | 618 | 12,360 |
| Legal and professional | 6,436 | 24,134 | 1,609 | 32,179 |
| Wages and salaries | 4,860 | 18,226 | 1,215 | 24,301 |
| Other | 232 | 872 | 58 | 1,162 |
| Irrecoverable VAT | 14,000 | 52,502 | 3,500 | 70,002 |
| | <u>14,000</u> | <u>52,502</u> | <u>3,500</u> | <u>70,002</u> |

11. Net expenditure

| This is stated after charging: | Group | | Company | |
|--------------------------------------|----------------|----------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | £ | £ | £ | £ |
| Depreciation - tangible fixed assets | 104,575 | 102,022 | 95,970 | 86,278 |
| Operating lease payments | | 7,667 | | 7,667 |
| Auditor's remuneration: | | | | |
| – Audit fee | 15,046 | 13,000 | 13,046 | 10,635 |
| – Taxation services | 2,895 | 985 | 2,895 | 335 |
| | <u>104,575</u> | <u>102,022</u> | <u>95,970</u> | <u>86,278</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 (2022: £nil). No trustee (2022: 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:

| | Group | | Company | |
|----------------------------------|---------------|---------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | number | number | number | number |
| Catering | 36 | 20 | - | - |
| Encouragement of Performing Arts | 77 | 68 | 77 | 68 |
| Conferencing | 2 | 2 | 2 | 2 |
| | <u>115</u> | <u>90</u> | <u>79</u> | <u>70</u> |

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements

for the year ended 31 March 2023

13. Employees (continued)

Employment costs

| | Group | | Company | |
|-----------------------|------------------|------------------|------------------|------------------|
| | 2023 £ | 2022 £ | 2023 £ | 2022 £ |
| Wages and salaries | 1,893,498 | 1,435,713 | 1,636,991 | 1,310,024 |
| Social security costs | 149,743 | 112,849 | 135,554 | 108,729 |
| Pension costs | 119,708 | 117,527 | 110,243 | 116,981 |
| | <u>2,162,949</u> | <u>1,666,089</u> | <u>1,882,698</u> | <u>1,535,734</u> |

One employee received total employee benefits (excluding employer pension costs) of between £70,000 and £79,999 (2022: £60,000 -£69,999 - one).

The key management personnel of the group comprise the Chief Executive and the leadership team detailed on page 11. The total employee benefits for key management, included within employment costs above, totalled £185,537 (2022: £113,185).

During the year, redundancies totalling £nil (2022 - £91,550) were paid.

14. Tangible fixed assets

| Group | Leasehold property £ | Plant and machinery £ | Fixtures, fittings & equipment £ | Total £ |
|-----------------------|----------------------------|-----------------------------|--|------------------|
| Cost | | | | |
| At 1 April 2022 | 195,878 | 700,558 | 135,204 | 1,031,640 |
| Additions | - | 97,731 | 1,340 | 99,071 |
| Disposals | - | - | - | - |
| At 31 March 2023 | <u>195,878</u> | <u>798,289</u> | <u>136,544</u> | <u>1,130,711</u> |
| Depreciation | | | | |
| At 1 April 2022 | 97,542 | 489,587 | 118,481 | 705,610 |
| Charge for year | 3,500 | 92,470 | 8,605 | 104,575 |
| On Disposals | - | - | - | - |
| At 31 March 2023 | <u>101,042</u> | <u>582,057</u> | <u>127,086</u> | <u>810,185</u> |
| Net book value | | | | |
| At 31 March 2023 | <u>94,836</u> | <u>216,232</u> | <u>9,458</u> | <u>320,526</u> |
| At 31 March 2022 | <u>98,336</u> | <u>210,971</u> | <u>16,723</u> | <u>326,030</u> |

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements

for the year ended 31 March 2023

14. Tangible fixed assets (continued)

| Company | Leasehold property £ | Plant and machinery £ | Total £ |
|-----------------------|-------------------------------------|--------------------------------------|--------------------|
| Cost | | | |
| At 1 April 2022 | 195,878 | 700,558 | 896,436 |
| Additions | - | 97,731 | 97,731 |
| Disposals | - | - | - |
| At 31 March 2023 | <u>195,878</u> | <u>798,289</u> | <u>994,167</u> |
| Depreciation | | | |
| At 1 April 2022 | 97,542 | 489,587 | 587,129 |
| Charge for year | 3,500 | 92,470 | 95,970 |
| On disposals | - | - | - |
| At 31 March 2023 | <u>101,042</u> | <u>582,057</u> | <u>683,099</u> |
| Net book value | | | |
| At 31 March 2023 | <u>94,836</u> | <u>216,232</u> | <u>311,068</u> |
| At 31 March 2022 | <u>98,336</u> | <u>210,971</u> | <u>309,307</u> |

15. Fixed asset investments

| Company | Unlisted investments £ |
|-----------------------------------|---------------------------------------|
| At 1 April 2022 and 31 March 2023 | <u>3</u> |

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 2023

15. Fixed asset investments (continued)

Net assets of Horsecross Trading Limited at 31 March 2023 totalled £269,989 (2022: £85,746) which comprised fixed assets of £9,458 (2022: £16,723), current assets of £466,052 (2022: £190,373), and liabilities of £205,521 (2022: £121,350). Relevant financial information regarding Horsecross Trading Limited for the year ended 31 March 2023 is as follows:

| | 2023 | 2022 |
|---|-------------|-------------|
| | £ | £ |
| Turnover | 695,645 | 215,985 |
| Cost of sales | (186,708) | (50,761) |
| | 508,937 | 165,224 |
| Gross profit | 508,937 | 165,224 |
| Coronavirus Job retention Scheme | - | - |
| Administrative expenses | (324,694) | (127,362) |
| | 184,243 | 37,862 |
| Profit on ordinary activities before taxation | 184,243 | 37,862 |
| Tax on (Loss)/ profit on ordinary activities | - | - |
| | 184,243 | 37,862 |
| Profit for the financial year | 184,243 | 37,862 |

A distribution under gift aid of £0 (2022: £0) was paid to Horsecross Arts Limited during the year, based on the results for the year ended 31 March 2022.

16. Debtors

| | Group | | Company | |
|--|--------------|-------------|----------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| | £ | £ | £ | £ |
| Trade debtors | 211,147 | 48,474 | 127,112 | 9,857 |
| Amounts owed by parent undertaking | (84) | 128,660 | (84) | 128,660 |
| Amounts owed by Subsidiary undertaking | - | - | 148,278 | 62,360 |
| Other debtors | 584 | 41,000 | (218) | 40,521 |
| Prepayments and accrued income | 281,924 | 106,326 | 281,924 | 105,524 |
| | 493,571 | 324,460 | 557,012 | 346,922 |
| | 493,571 | 324,460 | 557,012 | 346,922 |

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements

for the year ended 31 March 2023

17. Creditors: amounts falling due within one year

| | Group | | Company | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | £ | £ | £ | £ |
| Trade creditors | 223,078 | 233,722 | 207,687 | 204,181 |
| Taxes and social security costs | 65,649 | 39,810 | 54,243 | 30,683 |
| Other creditors | 229,680 | 275,424 | 229,680 | 255,102 |
| Deferred income (note 19) | 747,616 | 916,779 | 717,170 | 916,779 |
| Amounts owed to group undertakings | - | - | - | - |
| | <u>1,266,023</u> | <u>1,465,735</u> | <u>1,208,780</u> | <u>1,406,745</u> |

18. Deferred Income

| | Group | | Company | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | £ | £ | £ | £ |
| At 1 April 2022 | 916,779 | 632,200 | 916,779 | 632,200 |
| Released to incoming resources | (916,779) | (632,200) | (916,779) | (632,200) |
| Deferred in year | 747,616 | 916,779 | 717,170 | 916,779 |
| At 31 March 2023 | <u>747,616</u> | <u>916,779</u> | <u>717,170</u> | <u>916,779</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 2023

19. 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 2023, 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

| | 2023 | 2022 |
|--|------|------|
| | % | % |
| Discount rate | 4.80 | 2.60 |
| Expected rate of increase of pensions in payment | 2.85 | 3.20 |
| Expected rate of salary increases | 3.85 | 4.20 |
| | | |

Mortality assumptions

The assumed life expectancy on retirement at age 65 are:

| | 2023 | 2022 |
|----------------------|-------|-------|
| | Years | Years |
| Retiring today | | |
| - Males | 19.0 | 18.9 |
| - Females | 22.4 | 22.3 |
| | | |
| Retiring in 20 years | | |
| - Males | 20.4 | 20.3 |
| - Females | 23.9 | 23.9 |
| | | |

Amounts recognised in the profit and loss account:

| | 2023 | 2022 |
|---|---------|---------|
| | £ | £ |
| Current service cost | 295,569 | 279,525 |
| Net interest on defined benefit liability | 16,135 | 16,088 |
| Administration expenses | 1,650 | 2,681 |
| | | |
| Total costs | 313,354 | 269,860 |

Amounts taken to other comprehensive income:

| | 2023 | 2022 |
|--|---------|---------|
| | £ | £ |
| Actuarial gain/(loss) on pension schemes | 873,615 | 689,223 |
| | | |

HORSECROSS ARTS LIMITED

Company Balance Sheet

as at 31 March 2023

19. 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:

| | 2023 | 2022 |
|--|-------------|-------------|
| | £ | £ |
| Present value of defined benefit obligations | 4,821,947 | 7,659,587 |
| Present value of unfunded obligation | 6,997 | 8,853 |
| Impact of Asset Ceiling | 1,879,466 | - |
| Fair value of Fund assets | (6,701,413) | (6,995,149) |
| | <hr/> | <hr/> |
| Liability in scheme | 6,997 | 673,291 |
| Total liability recognised | 6,997 | 673,291 |
| | <hr/> | <hr/> |

Movements in the present value of defined benefit obligations:

| | 2023 |
|-----------------------------|-------------|
| | £ |
| Liabilities at 1 April 2022 | 7,668,440 |
| Current service cost | 295,569 |
| Plan members contributions | 40,665 |
| Interest cost | 198,655 |
| Benefits paid | (95,400) |
| Unfunded Pension payments | (1,305) |
| Actuarial loss/(gain) | (3,898,337) |
| | <hr/> |
| At 31 March 2023 | 4,828,944 |
| | <hr/> |

The defined benefit obligations arise from plans funded as follows:

| | 2023 |
|-------------------------------------|-----------|
| | £ |
| Wholly or partly funded obligations | 4,821,947 |
| Wholly unfunded obligations | 1,305 |
| | <hr/> |
| | 4,828,944 |
| | <hr/> |

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2023

19. Pension and other post-retirement commitments (continued)

Movements in the fair value of plan assets:

| | 2023 £ |
|--------------------------------------|-----------|
| Fair value of assets at 1 April 2022 | 6,995,149 |
| Expected return on scheme assets | (524,599) |
| Actuarial gain/(loss) | - |
| Interest Income | 182,520 |
| Benefits paid | (96,705) |
| Contributions paid by members | 40,665 |
| Contributions paid by employer | 106,033 |
| Admin costs | (1,650) |
| | 6,701,413 |
| At 31 March 2023 | 6,701,413 |

The actual return on plan assets was (£524,599) (2022 – £231,228).

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

| | 2023 £ | 2022 £ |
|--------------|-----------|-----------|
| Equities | 4,840,494 | 4,953,430 |
| Gilts | 162,050 | 329,376 |
| Other bonds | 847,015 | 835,077 |
| Property | 655,602 | 762,804 |
| Cash | 184,605 | 107,399 |
| Alternatives | 11,647 | 7,063 |
| | 6,701,413 | 6,995,149 |

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2023

20. Restricted funds (Group and company)

| 2023 | Movement in funds | | | | Balance at 31 March 2023 £ |
|---|------------------------------------|----------------------------|----------------------------|----------------|-------------------------------------|
| | Balance at 1 April 2022 £ | Incoming resources £ | Resources expended £ | Transfers £ | |
| The Gannochy Trust | - | 78,638 | (78,638) | - | - |
| Creative Scotland – Youth Arts Bursaries | - | 23,984 | (23,984) | - | - |
| Creative Scotland – Youth Arts Fund | - | 14,977 | (14,977) | - | - |
| Creative Scotland - YMI | | 16,000 | (16,000) | - | |
| PKAVS | - | 15,000 | (15,000) | - | - |
| Helen Milne Productions | - | 25,000 | (25,000) | - | - |
| Legacy – Mr Robert McEwan | - | 32,750 | - | - | 32,750 |
| Other restricted funds | - | 23,717 | (23,717) | - | - |
| | - | 230,066 | 197,316 | - | 32,750 |
| | - | 230,066 | 197,316 | - | 32,750 |

| 2022 | Movement in funds | | | | Balance at 31 March 2022 £ |
|------------------------------|------------------------------------|----------------------------|----------------------------|----------------|-------------------------------------|
| | Balance at 1 April 2021 £ | Incoming resources £ | Resources expended £ | Transfers £ | |
| The Gannochy Trust | - | 68,294 | (68,294) | - | - |
| Perth & Kinross Council | - | 7,000 | (7,000) | - | - |
| Creative Scotland -PAVRF etc | - | 801,528 | (801,528) | - | - |
| Event Scotland | - | 15,750 | (15,750) | - | - |
| National Heritage Grant | - | 5,814 | (5,814) | - | - |
| Helen Milne Productions | - | 76,363 | (76,363) | - | - |
| Other restricted funds | 10,871 | 51,236 | (62,107) | - | |
| | 10,871 | 1,025,985 | (1,036,856) | - | - |
| | 10,871 | 1,025,985 | (1,036,856) | - | - |

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 second 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.

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2023

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

Youth Arts Access Fund

A grant was received in March 2022 as the first instalment towards a project to support youth arts and in particular, pre-school children.

Creative Scotland – Youth Music Initiative

£23,073 was received in March 2022 towards a Musician in Residence project to be carried out in the school year of 2022-23. As at 31.03.23, there was £7,073 remaining to be spent in the final term of the school year.

PKAVS

£15,000 was received from the Perth & Kinross Association of Voluntary Service for the *My Story, My Stage* writing for mental health project.

Helen Milne Productions

During the year, £25,000 was received from Helen Milne Productions towards the performance of *The Wonderful Story of Henry Sugar*.

Legacy – Mr Robert McEwan

We received a generous legacy from the estate of the late Mr Robert McEwan towards the preservation of performing arts activities for the children and young people of Perth & Kinross.

Other restricted funds

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

| 2023 | Opening Prepaid Income | Received in Year | Closing Prepaid Income | Included in the SOFA |
|---|-----------------------------------|-------------------------|---------------------------------------|---------------------------------|
| | £ | £ | £ | £ |
| The Gannochy Trust | 5,800 | 72,838 | - | 78,638 |
| Creative Scotland – Youth Arts Fund | 38,161 | 800 | - | 38,961 |
| Creative Scotland - YMI | 23,073 | - | 7,073 | 16,000 |
| PKAVS Fund | 15,000 | - | - | 15,000 |
| Helen Milne Productions | - | 25,000 | - | 25,000 |
| Legacy - Mr Robert McEwan | - | 32,750 | - | 32,750 |
| Scottish Government Communities Mental Health & Wellbeing | - | 25,000 | 25,000 | - |
| Other restricted funds | 24,550 | 9,000 | 4,833 | 23,717 |
| | <u>106,584</u> | <u>165,388</u> | <u>36,906</u> | <u>230,066</u> |

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2023

| 2022 | Included in the SOFA | Included in Prepaid Income | Total Received in the Year |
|---|---------------------------------|---------------------------------------|---------------------------------------|
| | £ | £ | £ |
| The Gannochy Trust | 9,094 | 65,000 | 5,800 |
| Creative Scotland – Performance Specific | 4,155 | 3,179 | - |
| Creative Scotland – PAVRF2 & Resilience | 28,858 | 752,522 | - |
| Creative Scotland – Youth Art Fund | 26,474 | 23,984 | 38,161 |
| Creative Scotland - YMI | - | 23,073 | 23,073 |
| Communities Recovery Fund | 12,814 | - | - |
| PKAVS Fund | - | 15,000 | 15,000 |
| Visit Scotland | - | 15,750 | - |
| Perth & Kinross Council | - | 7,000 | - |
| National Heritage Grant | 5,814 | - | - |
| Helen Milne Productions | - | 76,363 | - |
| Other restricted funds | 29,991 | 33,498 | 24,550 |
| | <u>117,200</u> | <u>1,015,369</u> | <u>107,384</u> |
| | <u><u>117,200</u></u> | <u><u>1,015,369</u></u> | <u><u>1,025,985</u></u> |

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

| 2023 Group | Unrestricted Funds £ | Restricted funds £ | Total £ |
|--|-------------------------------------|-----------------------------------|-------------------------|
| Fund balances at 31 March 2023 are represented by: | | | |
| Tangible fixed assets | 287,776 | 32,750 | 320,526 |
| Current assets | 2,112,988 | - | 2,112,988 |
| Creditors | (1,266,023) | - | (1,266,023) |
| Pension asset/ (liability) | (6,997) | - | (6,997) |
| | <u>1,127,744</u> | <u>32,750</u> | <u>1,160,494</u> |
| | <u><u>1,127,744</u></u> | <u><u>32,750</u></u> | <u><u>1,160,494</u></u> |

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2023

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

| 2023 Company | Unrestricted Funds £ | Restricted Funds £ | Total £ |
|--|-------------------------------------|-----------------------------------|-----------------------|
| Fund balances at 31 March 2023 are represented by: | | | |
| Tangible fixed assets | 278,318 | 32,750 | 311,068 |
| Investments | 3 | - | 3 |
| Current assets | 1,795,214 | - | 1,795,214 |
| Creditors | (1,208,780) | - | (1,208,780) |
| Pension asset / (liability) | (6,997) | - | (6,997) |
| | <u>857,758</u> | <u>32,750</u> | <u>890,508</u> |
| | <u><u>857,758</u></u> | <u><u>32,750</u></u> | <u><u>890,508</u></u> |
| | | | |
| 2022 Group | Unrestricted Funds £ | Restricted funds £ | Total £ |
| Fund balances at 31 March 2022 are represented by: | | | |
| Tangible fixed assets | 326,030 | - | 326,030 |
| Current assets | 2,130,296 | - | 2,130,296 |
| Creditors | (2,139,026) | - | (2,139,026) |
| | <u>317,300</u> | <u>-</u> | <u>317,300</u> |
| | <u><u>317,300</u></u> | <u><u>-</u></u> | <u><u>317,300</u></u> |
| | | | |
| 2022 Company | Unrestricted Funds £ | Restricted funds £ | Total £ |
| Fund balances at 31 March 2022 are represented by: | | | |
| Tangible fixed assets | 309,307 | - | 309,307 |
| Investments | 3 | - | 3 |
| Current assets | 2,002,283 | - | 2,002,283 |
| Creditors | (2,080,036) | - | (2,080,036) |
| | <u>231,557</u> | <u>-</u> | <u>231,557</u> |
| | <u><u>231,557</u></u> | <u><u>-</u></u> | <u><u>231,557</u></u> |

HORSECROSS ARTS LIMITED

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2023

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

| | Group | | Company | |
|---|-----------------|------------------|------------------|------------------|
| | 2023 £ | 2022 £ | 2023 £ | 2022 £ |
| Net income/(expenditure) for the reporting period (as per the statement of financial activities) | 176,900 | 310,661 | (7,343) | 272,799 |
| Adjustments for: | | | | |
| Depreciation charges | 104,575 | 102,022 | 95,970 | 89,778 |
| Loss on disposal of assets | - | 1,335 | - | 1,335 |
| (Increase)/Decrease in stocks | (3,470) | (9,986) | 73 | (1,539) |
| (Increase)/Decrease in debtors | (169,111) | 171,597 | (210,090) | 169,539 |
| (Decrease)/Increase in creditors | (199,712) | 482,103 | (197,965) | 472,607 |
| Net cash provided by/(used in) operating activities | <u>(90,818)</u> | <u>1,057,732</u> | <u>(319,355)</u> | <u>1,004,519</u> |

23. Operating lease commitments

At 31 March 2023 the total commitments payable under non-cancellable operating leases was as follows:

| Group and company | 2023 | | 2022 | |
|---|-----------------------|--------------|-----------------------|---------------|
| | Land & buildings £ | Other £ | Land & buildings £ | Other £ |
| Operating leases which expire in 1 year | 4,101 | 4,280 | 4,101 | 3,567 |
| Operating leases which expire in 2 to 5 years | 16,404 | 4,708 | 16,404 | 11,592 |
| Operating leases which expire in over 5 years | 86,120 | - | 90,221 | - |
| | <u>106,625</u> | <u>8,988</u> | <u>110,726</u> | <u>15,159</u> |

24. 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 2023

24. 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.

During the year, sales to Perth and Kinross Council amounted to £979,448 (2022 - £1,170,476) and purchases from Perth and Kinross Council amounted to £58,1346 (2022 - £19,456). At the year end date, Horsecross Arts was due £84 to Perth and Kinross Council (2022 - £128,660 due from Perth and Kinross Council).

Balances and transactions between the company and its wholly-owned subsidiary, Horsecross Trading Limited, have been eliminated on consolidation in these group accounts. During the year, goods and services to the value of £63,687 (2022-£nil) were recharged to Horsecross Trading Limited and goods and services to the value of £92,405 (2022-38,069) were recharged from Horsecross Trading Limited to Horsecross Arts Limited.

25. 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.