



(a company limited by guarantee)

Annual Report and Financial Statements

For the year ended 31 March 2017

Company Number: SC234270

Charity Number: SC033377

NATIONAL THEATRE OF SCOTLAND

Report and Financial Statements

For the year ended 31 March 2017

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NATIONAL THEATRE OF SCOTLAND

Chair's Statement

For the year ended 31 March 2017

The year to 31st March 2017 was another busy year for the National Theatre of Scotland, starting with the performances of *Granite*, the culmination of seven months' community engagement in Aberdeen, and closing with performances of *The Strange Undoing of Prudencia Hart*, in the penultimate month of a 6 month residency at the McKittrick Hotel, New York. During the year, the company gave 732 performances of 14 productions and its work was seen by nearly 210,000 people across Scotland, the UK, North America and Australia.

Each year of the National Theatre's programme is individual and uniquely shaped in response to the stories our artists wish to tell. 2016/17 was no exception, with an extraordinary diversity in scale and style of work presented across a range of venues and locations including a barn in Perthshire, major international festivals in North America, Edinburgh and Australia, the beaches and streets of Shetland and 61 primary schools across Scotland. Of particular significance were:

- *The 306: Dawn* by Oliver Emanuel and Gareth Williams saw the start of a 3 year collaboration with *14-18 NOW* to commemorate 100 years since World War One. In Laurie Sansom's final production for the National Theatre of Scotland, the company collaborated with Perth Theatre and Red Note Ensemble to present a powerful play telling the stories of young men executed for desertion. The production was mounted in a converted barn in Perthshire with the audience seated amongst the action, bearing witness to the fear and confusion of the young men who lost their lives. The production was a fitting finale to Laurie's tenure as Artistic Director for National Theatre of Scotland, displaying his skills at weaving together story, design and music to create beautiful and emotionally engaging theatre.
- Our production of *The Strange Undoing of Prudencia Hart* by David Greig and Wills Wilson undertook an extensive tour of the US and Scotland and was revived to realise a long-held ambition to have a sustained presence in New York. The production continues to enthral audiences with its charm and humour and its presentations in 2016/17 showcased the company's ability to meet the needs of audiences in the most remote venues in rural Scotland as well as in one of the world's theatre capitals, playing venues from Montrose to Manhattan.
- Our celebrated production of *Our Ladies of Perpetual Succour* by Lee Hall was revived for extensive touring in North America and across the UK. The show had an award-winning run at the National Theatre in London before extending its reach to Australia, featuring as the cornerstone of the Melbourne Festival's 2016 theatre programme. As a result of its success in London, the production will be revived for a run in the West End of London from May 2017, in partnership with commercial producer Sonia Friedman.
- The National Theatre of Scotland was privileged to be part of an acclaimed UK-wide theatre event by Jeremy Deller, *We Are Here Because We're Here* on 1st August 2016. The work succeeded as an exemplar of community engagement, bringing together over 40 young men aged between 18 and 45 to walk in silence through the streets of Glasgow and Shetland, each representing a soldier who fell in the battle of the Somme. Our work contributed to a moving but unannounced presence of uniformed officers in towns, cities and villages across the UK. The event trended on Twitter for over 14 hours and achieved exceptional media coverage. It generated 190 million impressions on social media and over 94,000 posts mentioning 'We Are Here' were created. TV and press coverage of the project reached an estimated 31 million people.

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Chair's Statement - continued

For the year ended 31 March 2017

- Our co-production with the radical American theatre group, The TEAM of *Anything That Gives Off Light*, premiered at the Edinburgh International Festival in August 2016. This production was the culmination of an extended international collaboration between artists from Scotland and the USA. An energetic and engaging production dealing with identity, Scottish and US history and politics, the show marked NTS's first presentation under Fergus Linehan's tenure as Artistic Director of the Edinburgh International Festival and successfully sowed the seeds for future partnerships.

Supporting artists to develop their practice at each stage in their professional careers is a key strand of our work. During 2016/17 we provided expertise, space and opportunities to over 120 artists through our Talent Development programme. Broadening access to our resources from across the theatre sector remains a priority for us, and we were delighted to include a range of artists who reflect our diversity priorities – Gaelic, BAME and Disability – within the year's programmes. Central to this was Starter for 10, a new programme specifically designed to support 10 emerging artists with paid residency time. Across the year, our Artist Development programme included the provision of support for artists developing musical theatre, using puppetry and object manipulation, working in intimate contexts, creating work for children and working on international collaborations.

Our Learn programme continued to provide opportunities for people of all ages and abilities to engage with our work. We delivered a total of 233 events and performances which engaged nearly 10,500 people. This year's programme had a strong international focus, with groups from Australia and New York participating in the *Exchange* youth theatre festival in Stirling; and *Home Away*, a unique festival of participatory theatre featuring performances and workshops by groups from Brisbane, Chicago, New Delhi, Kingston, Jamaica, Dundee, South Uist, Tomintoul, Glasgow, Rio de Janeiro and the World Wide Web. *Home Away* was an opportunity to reflect on and re-interpret for 2016 the concept of 'home' that marked the company's launch in 2006. The NTS Learn team worked with each of the 10 groups to develop a new piece of theatre to be performed in each home location and then in Glasgow. The result was an authentic international sharing of vital experiences, both joyful and heartfelt. It was accompanied by a 5 day participatory arts conference, which attracted participants from across the world.

A very major achievement for the year was the completion of the company's flagship capital project, Rockvilla – a new creation centre which sees the company's office, rehearsal studio, technical and wardrobe facilities housed under one roof, transforming the conditions in which the company makes the work it takes out to audiences across Scotland and the world. As well as providing vital facilities for the National Theatre of Scotland, Rockvilla is also resource for the wider theatre sector. Since opening our doors in November, our studios have been full, with the equivalent of 20 weeks' worth of space being made available to artists and companies from across the theatre sector.

Our commitment to being a Theatre Without Walls is as strong as ever, with producing and presenting partnerships at the heart of our work. This year our partnerships included the 21 local authorities and 6 local agencies and Trusts who supported our *Theatre in Schools Scotland* programme; new co-productions with The Citizens' Theatre, Perth Theatre, The Team (New York), A Play, a Pie and a Pint (Oran Mor), and the McKittrick Hotel, New York. Through *Home Away* we cemented our relationship with the British Council and the Calouste Gulbenkian Foundation and developed an important new partnership with Scottish Mental Health Arts and Film Festival. Across the year, our work was presented in 26 venues in Scotland, 19 venues in England and Ireland and in 14 venues overseas.

NATIONAL THEATRE OF SCOTLAND

Chair's Statement - continued

For the year ended 31 March 2017

None of this work would have been possible without the enormous hard work of the staff of the National Theatre of Scotland. I would like to thank them all for their continued commitment to the organisation and to pay particular thanks to key staff who departed during the year: Laurie Sansom (Artistic Director), Neil Murray (Executive Producer), Graham McLaren (Associate Director) and Roberta Doyle (Director of External Affairs). Each of these individuals has played a striking and vital role in shaping the company during its first 10 years. They each leave an enduring legacy.

I pay particular tribute to my fellow Trustees and Board of Directors who give their time on a voluntary basis to help ensure the company's continued good governance and support the company in so many different ways. In 2016/17 we welcomed three impressive new Board members, Hardeep Kohli, Ros Taylor and Michael Urquhart and saw the retirement of two members who have been part of the organisation since its early years. Tari Lang and Joan Stringer brought unwavering expertise, energy and commitment to their respective roles and I am indebted to them both.

National Theatre of Scotland is privileged to receive core funding from the Scottish Government. We are extremely grateful for the support of Fiona Hyslop MSP, Cabinet Secretary for Culture, Tourism and External Affairs, who continues to champion our work. It was a particular pleasure to welcome the Cabinet Secretary to officiate at the opening of Rockvilla in January 2017. This was a very special occasion which enabled us to show our thanks to the Scottish Government, to Glasgow City Council and to the many Trusts and Foundations and individuals who have given so generously to the Rockvilla campaign. We were particularly delighted to end the year with over £2m in philanthropic funds. This is an extraordinary achievement and we are very grateful to all our donors.

We are also extremely grateful for the financial contributions of our corporate donors and to all of our Friends and Benefactors who supported our programmes of work during the year. This level of financial support contributes directly to our continued artistic success and to our ability to share our work with audiences.

I must pay tribute to all the writers, performers, composers, movement directors, designers, lighting designers, sound artists, video artists, film-makers, production managers, producers, technicians and participants who have made work with us this year. National Theatre of Scotland thrives on making connections and it is through the connections we make with these practitioners that we are able to connect to audiences in Scotland and across the world.

Finally, 2016/17 has seen the National Theatre of Scotland appoint a new Artistic Director. Jackie Wylie will become the company's third Artistic Director and brings an exciting new energy and perspective to the role. I am thrilled to welcome Jackie to the company and I look forward to working with her to build on the successes of 2016/17 and to steering the company through the next stage in its journey.



Seona Reid DBE
Chair

7 September 2017

NATIONAL THEATRE OF SCOTLAND

Directors' Report

For the year ended 31 March 2017

The directors have pleasure in presenting the Director's Report (incorporating the Strategic Report) for the year ended 31 March 2017. The financial statements have been prepared in accordance with the accounting policies set out in note 3 to the financial statements and comply with the company's memorandum and articles of association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

Principal activity

The principal activities of the National Theatre of Scotland and the National Theatre of Scotland Productions Limited during the year continued to be the commissioning, development, production and promotion of theatrical works and performances.

Objectives and Activities

As Scotland's national theatre, we exist to work collaboratively with the best companies and individuals to produce and tour world class theatre for the people, led by great performances, great writers and great stories.

Our activities are aligned and aims and objectives set to deliver against our Company's object, '*to promote and assist in the advancement of education in Scotland by encouraging, fostering and developing interest, knowledge, understanding, appreciation and participation in, the arts of drama, acting, theatre and stagecraft in all their forms.*'

We do this primarily through the development and delivery of our programme which is developed in line with our programming model 2015-18. This model places the voice of inspirational artists at the centre of our programme. We continue to work towards a programme that ensures we are truly a theatre without walls, broadening our audience base, and enshrining a diversity of content, geographic location and scale into our annual programme. The model has facilitated longer-term planning approach across the Company, providing a much greater lead-time for marketing campaigns, fundraising, and building partnerships. This also includes our highly successful outreach and participatory projects. We remain committed to increasing the access of audiences to our work, including the use of signed (British Sign Language), audio described, captioned performances as well as relaxed autism friendly performances. In addition we continue the successful *First Nights* programme which introduces new young audiences to theatre for the first time, funded by generous support from trust and foundations.

Our ambitions are to be a theatre for everyone, a creative catalyst for the sector and an international innovator. This has been greatly assisted by our recent move into a new purpose built Creation Centre which presents us with new opportunities to develop a greater strategic role in the Scottish theatre sector and to enhance the way we work together as company members. However, in both an economic environment that continues to prove fragile, and an unpredictable political landscape in the UK, Europe and the World, the level of public funding available for the arts in future years remains uncertain. This uncertainty has meant the competition within the arts sector to attract Corporate Sponsorship and Trust & Foundation support has increased exponentially. To mitigate against the risk of declining public subsidy and other income, we are conscious of the need to become an ever more resilient and flexible organisation. With this in mind we will be continuing to explore innovative ways to grow our current, and develop alternative, income streams, including individual giving and corporate sponsorship, as well as developing new financial models for the exploitation of the company's work, including digital and broadcast strategies.

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Directors' Report

For the year ended 31 March 2017

Objectives and Activities (continued)

During 2016/17 we have had success in testing some new opportunities to optimise income from our production programme. Our award winning residency of *The Strange Undoing of Prudencia Hart* in the McKittrick Hotel, New York was a new approach for us in terms of presentations, with our primary aim being to use and test this as a mechanism to further consolidate our development/fundraising activity in America. This proved successful with direct sponsorship being generated for the project and well as Trust and Foundation support received for outreach activity. In terms of wider and longer term impact, the 6 month residency allowed us time to further cultivate and consolidate existing donors and develop new contacts and relationships for future benefit. Alongside this, on a much smaller scale, a gala lunch event for Glasgow Girls proved successful in generating income for the project. Based on this success, this model is being rolled out for a further event in 2017.

2016/17 is the second year of our current three year Business Plan 2015-18, which reflects our long term strategic, artistic and financial plans, ambitions and challenges. Within the plan we have stated our four strategic priorities:

- **Theatre for Everyone**

We will produce work of artistic excellence across the whole of Scotland, extending our reach and impact. We will break down walls that prevent people engaging with our work, whether economic, cultural or physical and ensure the people who work for us reflect the diversity of contemporary Scotland.

- **A Catalyst for Creativity**

We will be a generator for experiment and change, providing opportunities for people to play, grow and collaborate and be a galvanising force in the creative sector.

- **An International Innovator**

We will build on our international reputation, pioneering partnerships that expand the outlook of Scotland's artists and audiences, sharing contemporary Scottish theatre globally.

- **A Healthy, Sustainable and Resilient Organisation**

We will explore new operational models that promote collaboration, financial resilience and entrepreneurship to establish a future organisation that is responsible, flexible, sustainable and bold.

From these we have developed a range of time bound objectives, covering the three year period. Each has been assigned to a member of senior management for delivery and cascaded to all staff through our performance management process. We have also set a range of annual KPIs to monitor our progression against the key objectives and the business plan. We review and update / expand these on an annual basis.

Strategic Report

Achievements and performance

2016-17 was another busy year for the Company, starting with two of our largest ever productions, the restaging of the trilogy, *the James Plays*, which ran from February 2016 to June 2016, alongside another hugely successful, but new, participatory project, *Granite*, which was developed and produced in collaboration with Aberdeen City Council and presented in March/April 2016. This was the start of another full year, including a production *The 306: Dawn*, as well as a nationwide collaboration, *We Are Here Because we are Here*, both of which staged to commemorate the 100

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Directors' Report

For the year ended 31 March 2017

Achievements and performance (continued)

years since the First World War. In contrast we revived *Our Ladies of Perpetual Succour*, touring across Scotland, UK and Ireland and *The Strange Undoing of Prudencia Hart* for rural Scotland and US International dates. For the latter we also had an opportunity to stage a 24 week residency in New York ending on 23 April. Through these and our other diverse productions we maintained the quality and quantity of our programme and continued to thrill audiences in Scotland and beyond.

Away from our productions, we also successfully delivered our property project, relocating to our new building Rockvilla at the start of November 2016. This was an exciting move and significant achievement with the project being delivered within budget and with only a small delay from the original contracted construction period. The relocation to our new building has transformed how we work and we are also pleased to have already been able share our space with so many within the theatre sector.

The Company has continued to make good progress in achieving our core objectives during this our second year of our new three year business plan. Our artistic output has, once again, been of exceptionally high quality with award winning productions, praised by audiences and critics alike, at home and abroad. We have continued to develop a range of strong producing and funding partnerships, including new models such as the New York residency. Our work has contributed significantly to the Scottish Government's cultural objectives both at home and abroad. We have, again, been very active on the world stage this year, with productions in Australia, Canada, Romania and the USA and this remains an area we continue to review for future exploitation opportunities. As well as international we have continued to have a strong presence across Scotland and the rest of the UK. We continue to make positive steps in developing partnerships with commercial producers, including a partnership with commercial producer Sonia Freedman for the West End premier of *Our Ladies of Perpetual Succour* in May 2017. We also continue to work with new collaborators out with the theatrical world, all of this while maintaining our relationships with our long standing partners.

We have delivered an ambitious and successful programme of activity while for the fourth consecutive year also achieving a positive year-end out-turn position, protecting and continuing to build our operating reserves. This has been achieved while managing the complexities in delivering large scale and complex productions. The financial resilience of the Company remains critical for us to ensure we can continue to develop and deliver world class theatre. Reflecting the challenges of reducing core funding; responding to similar funding challenges from our partners and operating in an ever more competitive leisure economy, one of our objectives remains to continue to explore new financial models to diversify our income streams, with a focus in year in setting up our internal structures to benefit from Theatre Tax Relief.

A key part of our three year Business plan was the development of a new programming model. The second year of the new programme was reflected in the 2016-17 programme, confirmed in autumn 2015. We have applied the model to our 2017-18 programming and we will then evaluate how successfully it has been realised and its impact on the Company's artistic and business aims, to inform the development of the new 3 year Strategic plan.

During the year the Board has monitored the strategic performance of the Company, through review of objectives and identified KPIs for the year and a formal schedule of review has been established. To demonstrate our progress an indicative sample of an objective and KPI from each strategic priority, is presented:

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Directors' Report

For the year ended 31 March 2017

Achievements and performance (continued)

- **Theatre for Everyone**

Objective: Grow our artistic development programme to further the skills and representation of artists from our priority groups including those from ethnically diverse communities, people with disabilities and Gaelic speakers.

KPI: Complete the design of our talent development strategy for under-represented groups by December 2015 and integrate with new casting policy by April 2016.

Status: The redesign of our talent development programme is complete and we are beginning to fundraise so that we deliver the plans in full and enhance the offer possible with core subsidy. The selection of artists from our underrepresented groups will be a priority as we shortlist the 170 applicants to our next Starter Programme. We are working in partnership with BOP to deliver an artistic development programme for 3 disabled artists. We designed, raised funds and are supporting the Traverse Theatre to deliver their first Gaelic Language Class act strand in autumn 2017.

- **A Catalyst for Creativity**

Objective: To play a leading role in the evolution of participatory theatre with professional and non-professional practitioners.

KPI: Produce an international festival of participatory work, Home Away, in October 2016 in Glasgow, bringing together 5 Scottish companies and 5 international companies with a focus on marginalised or deprived groups, to share practice, evolve thinking and discuss the role of participatory arts across the world.

Status: The Home Away festival and conference has been completed with huge success. Contributions from 5 international and 5 Scottish companies formed the performance programme. Contributions from British Council, Creative Scotland, Scottish Mental Health Week, The Gulbenkian Foundation, Scottish Refugee Council and several independent artists and arts organisations formed the conference programme. The event was an example of how the company can facilitate and enable communities to explore and articulate issues which are important to them and which they can share with the world. The project has already resulted in invitations to develop further relationships with the British Council and with artists and producers across the world.

- **An International Innovator**

Objective: To develop our North American touring strategy by building on existing relationships and identifying new partnerships.

KPI: We will undertake to present a show in New York in 2015/16. We will collaborate or co-produce with three leading North American artists or organisations, including TEAM, before the end of 2016.

Status: Our production of *The Strange Undoing of Prudencia Hart* performed on an 11 venue tour to the US and Canada between February and May 2016. Following its presentation at the New York Public Library during this tour, the production was resident at the McKittrick Hotel in New York between November 2016 and April 2017. This will be the longest residency that the company has achieved in one venue and has established the company's profile and reputation with new audiences and established a producing partnership to develop in the future.

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Achievements and performance (continued)

The James Plays were presented at Toronto's Luminato Festival in June 16 and we are in discussion with them over future collaborations. *Our Ladies of Perpetual Succour* opened the prestigious 2016 Festival of Arts and Ideas in New Haven, USA in June. The TEAM show about Scottish Enlightenment, *Anything That Gives Off Light*, is programmed for EIF 2016.

- **A Healthy, Sustainable and Resilient Organisation**

Objective: Grow our income from individuals, companies and trusts to support our artistic and business objectives and embed a culture of fundraising across the organisation.

KPI: Use the platform of the capital project to increase giving from existing supporters, widen the donor pool, secure one off capital gifts from Trusts and Foundations, and for fundraising activity to contribute at least £1.6million towards capital costs.

Status: £2million of philanthropic income has been raised to date for Rockvilla through trusts, foundations and individual giving since the campaign was launched in October 2015. This is an enormous achievement for a small Development team and has proved that the concept of the National Theatre of Scotland has been understood and valued by a wide range of donors and investors and supporters. This provides a strong foundation from which to build our fundraising strategy going forward.

Objective: To deliver a new fit for purpose Creation Centre, that will bring all of our core activity under one roof and provide a creative hub to benefit not only the National Theatre of Scotland but also our partners, artists, participants, audiences and the Scottish theatre industry as a whole.

KPI: Deliver the development, design, construction commissioning of the new building by the end of October 2016. Relocation from Civic House, Glue Factory and Maryhill Store by the end of October 2016. Project within total budget of £6,475,500

Status: Practical Completion granted 3/11/16; Company shutdown 4pm 3/11/16; relocation 4/11/16; Company fully operational 10am 7/11/16. Within budget.

Financial review

The group figures for financial year 2016-17 reflect another extraordinarily busy year for the National Theatre of Scotland.

Total incoming resources decreased from prior year level of £10,422,657 to £8,470,025. This reflects the timing of capital receipts in the prior year in relation to our property project, with only a small level received in this year, reflecting the property project timeframe. The largest element of the income for the year is from our Scottish Government core grant, £4,174,000 and a further £96,000 received to support our international touring activity. The income in year adjusted for capital receipts is in line with prior years.

Throughout the year we have again closely monitored all expenditure. The increased required subsidy within the production programme, has been offset by savings generated across the organisation, as well as by the recognition in year, of our theatre tax credit. The final unrestricted operating surplus position is £26,581, excluding designated funds, creating an unrestricted operating reserve of £407,592 and further building on the operating surplus generated over the past three financial years.

NATIONAL THEATRE OF SCOTLAND

Directors' Report

For the year ended 31 March 2017

Financial review (continued)

Total reserves at the year-end are £5,365,462 (2015-16: £5,286,721). Of this £4,899,128 (2015-16: £4,838,732) are restricted reserves, with £4,719,367 (2015-16: £4,371,023) relating to the capital project, equating to 96% of restricted and 88% of total reserves. The year-end balance is made up of £407,592 unrestricted funds, as already referenced, £58,742 designated funds and £179,761 of other non-property project restricted funds. The overall movement in funds in the year is £78,741, with some movement across all funds.

Reserves policy

The company has agreed with the Scottish Government that unrestricted reserves, excluding those reserves relating to fixed assets, of up to 10% of projected turnover may be kept for future use. Actual free unrestricted reserves at 31 March 2017 under this definition were £407,592 representing 7.7% of projected turnover. Total reserves as at 31 March 2017 were £5,365,462 representing 100% of projected turnover, distorted by property funds.

To support the future plans of the company and ensure appropriate levels of working capital, the directors aim to continue to increase the overall level of unrestricted reserves to a total of £600,000 within a period of eight years, subject to ensuring remaining within the agreed limits outlined above. 2017/18 being first year of eight.

Investment policy

The company's relatively modest level of reserves requires an investment policy which prioritises accessibility of funds whilst maximising interest income where possible. A mixture of instant access, fixed notice and fixed term deposits is used to achieve this balance.

Taxation

The company is a registered charity and is recognised as such by HM Revenue and Customs for taxation purposes. During the year the charity prepared a corporation tax return for the financial year 2014/15, for the purposes of claiming theatre tax relief on selected eligible projects. From 2015/16, Corporation tax returns will be submitted through the newly formed trading subsidiary to access theatre tax relief.

Relationship with Scottish Government

From 1 April 2007 the National Theatre of Scotland has received core funding directly from the Scottish Government.

Trading subsidiary

In March 2015 the Board approved the establishment of a wholly owned subsidiary, National Theatre of Scotland Productions Ltd (SC492495). The subsidiary was established on 1 April 2015 as a production vehicle for the producing, running and closing of certain productions. The Board of the wholly owned subsidiary is comprised of the members of the Senior Management Team of National Theatre of Scotland and one of the main Board members.

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Directors' Report

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Financial review (continued)

Connected Charities

The company works in collaboration with other charitable organisations – such as theatre venues, production companies and educational institutions – on specific projects and initiatives. It also receives funding from several charitable trusts and foundations.

National Theatre of Scotland America, Inc.

Set up in 2008, National Theatre of Scotland America Inc. is a 501(c)(3) not-for-profit organisation which supports the work of the National Theatre of Scotland in the United States and in Scotland. It has a Board made up of 11 directors, two of whom are members of the Senior Management Team of the National Theatre of Scotland. Neil Murray, National Theatre of Scotland Executive Producer retired at the March 2016 Board meeting, and his position will be replaced by another member of Senior Management in due course. Elly Rothnie, Director of Development National Theatre of Scotland is currently on maternity leave and in her absence Stella Litchfield, Interim Director of Development, was appointed to the US Board at the December 2016 Board meeting. A new Board member Matthew McFarlane was also nominated and approved to join the US Board at the December 2016 meeting. The US Board reviews grant proposals from the National Theatre of Scotland and distributes funds to support its work.

Donated services

The National Theatre of Scotland does not currently use regular volunteer staff, although the company does host several placements throughout the year for students and other interested parties. The Board of Directors, with the exception of the Chief Executive/Artistic Director, are unpaid. Some of the venues the company visits do make use of volunteer staff.

Plans for future periods

During 2017/18 we will be working to take the National Theatre of Scotland into its next stage of development, building on the significant successes to date. We will deliver the final year of our three year Business Plan 2015-18, which reflects our strategic, artistic and financial plans. During the latter part of 2017, we will develop our new five year Strategic Plan 2018-23 and accompanying ten year vision, for implementation from 1 April 2018. This will reflect the Company refocusing its priorities, the ambitions of our new Artistic Director and CEO and also responding to significant external challenges and opportunities. Our new Artistic Director will be developing a new Artistic strategy and vision for the Company, with the 2018/19 programme being a bridging year between the amazing work to date and the new artistic vision.

In both an economic environment that continues to prove challenging, and an unpredictable political landscape in the UK, Europe and Worldwide, the level of public and charitable funding streams available for the arts in future years remains uncertain and is having an impact on the cultural infrastructure in which we operate, both within Scotland and beyond. While we have been impacted in recent years by reduced core funding from the Scottish Government, the ongoing support by the Scottish Government for the National Theatre of Scotland and the broader cultural sector has been greatly welcomed. To mitigate against the risk of declining public subsidy, our activity to date and planning reflects the need to become an ever more resilient and flexible organisation. With this in mind we will building on work in this area to date and be continuing our focus on growing alternative income streams, including individual giving and corporate sponsorship, as well as new financial models for the wider exploitation of the Company's work, including digital and broadcast strategies.

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Directors' Report

For the year ended 31 March 2017

Plans for the future (continued)

Work will progress on refining existing and developing new producing models which best enable us to fulfil our objectives of reaching as wide a range of national audiences as possible both geographically and demographically; while promoting innovation and collaboration across the sector and testing and exploiting a range of income generation models.

Developing work from the most exciting theatre artists working and living in Scotland will continue as an essential aspect of our work and ensuring that it is seen throughout the country and when appropriate internationally. We will build on and seek out new collaborators both within Scotland and internationally, to allow us to be ambitious for the work creatively and financially. Our renewed artistic vision and policy together with our commitment to maintain ongoing investment in the development of theatre artists and new work, will ensure a robust artistic future for the Company.

We will continue to build on our ambitions to be a theatre for everyone, a creative catalyst for the sector and an international innovator. This has already been greatly assisted by our recent move into our new purpose built building in the Speirs Lock Regeneration Zone, one of Glasgow's fastest growing cultural areas. Rockvilla presents us with new opportunities to enhance the way we work as a company, develop a greater strategic role in the Scottish theatre sector and put community and outreach projects at the heart of our operation. We will further develop opportunities and the scope of offering for our new building during 2017/18.

Structure, governance and management

The National Theatre of Scotland is a company limited by guarantee and a registered Scottish charity. The company is governed by a Board of Directors and run on a day to day basis by the Senior Management Team and Executive Producer, headed by the Chief Executive/Artistic Director, who have responsibility for all operational matters and decisions. All major policy decisions are ratified by the Board of Directors.

The Board has overall responsibility for the organisation's resources and ensuring its financial wellbeing. All members of the Board are non-executive except for the Chief Executive/Artistic Director.

As set out in the articles of association, last amended on 12 March 2014, new directors are appointed by the Board and may serve for a period of up to four years, after which period there is the possibility of re-appointment for a further period of up to three years. All new appointments must be approved by the members of the company at General Meeting. The Board elects the Chair and the Deputy Chair of the Board.

During the year there have been a number of changes to the Board due to retirements and corresponding appointments. All new Directors are selected via a rigorous recruitment process, which involves an initial detailed skills audit to identify existing and imminent skills gaps within the Board. The chairs of the Committees has also been reviewed and reconfigured to reflect Board members retirements and relevant skillsets.

All new Directors undergo an induction process led by the Chair and the Chief Executive. This induction combines governance responsibilities, legal obligations of directors under company and charity law, constitution etc as well as an overview of the Company programme of activities.

Reflecting the status of the Property project and in line with the Property Committee's Terms of Reference, at the meeting of the 25 April 2017 the Committee formally recommended dissolution of the Property Committee. This was approved at the Board meeting of 28 June 2017.

NATIONAL THEATRE OF SCOTLAND

Directors' Report

For the year ended 31 March 2017

Structure, governance and management (continued)

An Advisory Development Board exists to support and develop our fundraising activity and strategy. This group has no executive responsibility and has been established to advise and assist the company to raise funds from the non-statutory sectors, principally by effecting introductions to new sources of support, whether individual, corporate or trust. Two members of the main Board are members of this group along with the Director of Development. A review was undertaken during the year and it was decided at the 28 June 2017 Board meeting that the Advisory Development Board be disbanded. The Board would like to thank the Chair of the Advisory Development Board and all members, for their contribution and support to this key area of the Company.

In 2014/15 the Board initiated discussions on its role and responsibilities, to be combined with a full governance review. To support this, a working group was established made up of members of the Board, the CEO and the Director of Finance and Administration. The scope and timeline of the review was agreed at the March 2015 Board meeting, and the planned light touch review was completed and the findings reported to the Board in September 2015. The full review has been rescheduled to be undertaken in 2017 and reported to the Board at the December 2017 Board meeting. The Board also agreed that the company would move to a 4 year cycle of major, external Governance Reviews, initially from September 2016, and now revised to September 2017. As part of the light touch review the impact of OSCR's targeted regulation review was considered at the June 2015 Board meeting.

In March 2015 the Board approved the establishment of a wholly owned subsidiary, National Theatre of Scotland Productions Ltd (SC492495). The subsidiary was established 1 April 2015 in response to the implementation of Theatre Tax Relief in September 2014 as the recognised most effective way for charities to manage accessing the relief. The Board of the wholly owned subsidiary is comprised of the members of the Senior Management Team of National Theatre of Scotland and one of the main Board members.

A register of directors' interests is maintained and as at the date of signing there were no directors who had a conflicting interest.

The company maintains a directors' and officers' liability insurance policy.

The Board has been supported by four sub-committees. Reflecting the completion of and relocation to the new property, Rockvilla, the Property Committee was formally dissolved at 28 June 2017 Board meeting. This reduces standing sub-committees to three.

The Risk and Audit Committee meets twice a year and exists to:

- Oversee the external audit process and the internal audit function.
- Review the internal financial and non-financial control environment.
- Review company procedures and systems for risk management.

The Finance Committee meets four times a year and exists to:

- Review the ongoing financial performance of the organisation, through consideration of all budgets, forecasts, management accounts and the annual financial statements.
- Ensure the regular review of all financial policies, procedures, protocols and systems.

NATIONAL THEATRE OF SCOTLAND

Directors' Report

For the year ended 31 March 2017

Structure, governance and management (continued)

The People and Performance Committee meets twice a year. The Committee exists to:

- Establish the remuneration principles of the company.
- Determine and approve the remuneration of the CEO/Artistic Director and senior executives. Remuneration for all senior Executives including the CEO/Artistic Director is set at time of appointment and based on Company pay structure and, if applicable, market factors.
- Receive, consider and recommend for approval to the Board annual pay awards for all staff, including Senior Executives.
- Consider Board membership and composition and establish a proper framework for recruitment.
- Consider, when making recommendations on new Directors to the Board, the particular needs of the Company along with cultural and geographical diversity.
- Ensure that the duties, responsibilities and privileges of Board membership are made clear to candidates on appointment and that a proper induction process for new members is in place
- Maintain an overview of the Company's human resource and staff development policies and procedures

At the Committee meeting of 28 April 2017 the Committee changed its name from Nominations, Performance and Remuneration Committee to People and Performance Committee.

The Property Committee is scheduled to meet four times a year. Additional meetings are called as required in line with the Property project programme and during 2016/17 the Committee met four times. At the Committee meeting of 25 April 2017, reflecting the status of the project and in line with the Committee's Terms of Reference, the Committee formally recommended dissolution of the Property Committee. This was recommended and approved by the Board at the Board meeting of 28 June 2017. The Committee existed to:

- Develop the new headquarters.
- Consider and advise the Board on the operational, financial and creative implications of the new HQ.
- To oversee and review delivery of the project by the Project Board in line with the stated objectives and project controls.

In addition to the above stated meetings, a joint Finance and Audit Committee also meets once a year to review the year-end financial accounts.

During the year all four Committees reviewed and approved their respective terms of reference, which were formally approved at the Board meeting of 29 June 2016.

The company follows best practice in terms of corporate governance and embraces the virtues of diversity and equal opportunities in all its business dealings, and acknowledges the need and right of everyone connected with the organisation to be treated with respect and dignity in an environment in which a diversity of backgrounds and experience is valued. Reflecting our commitment to this area, we have undertaken a review of how we monitor the makeup of our staff, Board and the wide range of people we work with and have developed a new diversity form which was implemented 1 April 2017. There is an excellent health and safety culture within the company which aims to lead the sector in this field.

NATIONAL THEATRE OF SCOTLAND

Directors' Report

For the year ended 31 March 2017

Structure, governance and management (continued)

It is the company's policy that employees should be kept as fully informed as possible about the activities of the company and employee's involvement is encouraged through formal communications channels: scheduled all staff, project and team meetings; the company intranet; regular team and project email updates to all staff. In addition, from March 2017, to improve understanding by staff of the work of the Board, a member of staff now attends the Board meetings as an observer. In addition, a copy of the Board CEO report, redacted for sensitive matters, is also circulated to all staff after the Board meeting.

Risk management

The directors take a pro-active approach to risk management and have assessed the major risks to which the company is exposed. They are satisfied that systems are in place to mitigate exposure to the major risks. The Risk and Audit Committee reviews the company risk register at each of their meetings and gains assurance that policies are implemented and procedures followed. We undertook an initial review and simplification of the risk register format in 2014, recognising the unnecessary complexity of the existing format and the need to develop a format suitable for the Company's needs and thereby facilitate further embedding it into the management and planning cycle. We built on this by undertaking a further stage of development to further enhance the registers usability, implementing the new format at the April 2016 Risk and Audit Committee meeting.

The following statements summarise the Board's policy in managing identified forms of financial and operational risk:

Funding risk: Scottish Government core funding constitutes the majority of the company's total annual revenue income. Between 2011 and 2018 core funding is being reduced by 8.4%. The Board have put in place a strategy of income diversification, through fundraising, co-production and wider exploitation of repertoire work, to mitigate this risk.

Cost inflation risk: Levels of inflation represent a risk during a period of static or reducing core funding. The Board and Senior Management have taken a prudent approach to salary and fee levels whilst the above income diversification strategy is being implemented. There is an ongoing process of review of company contracts to ensure continued efficiencies.

Credit risk: The Finance team monitor the debtor profile on an ongoing basis and proactively works with the Production team to facilitate timely settlements. In addition the Finance Committee regularly reviews the company's debtor profile to mitigate the risk of potential bad debts from venues and partnering organisations.

Cash flow risk: The Company places any surplus funds on short term deposit or in accessible interest-bearing accounts to mitigate cash flow risk. Reserve levels are reviewed regularly by the Finance Committee and the Board.

Loss of key staff: Department deputy structure and performance review process incorporating a 'grand parenting' element are in place. Alongside this the company has a well-developed and long standing Safe and Well team, made up of a cross section of the Company. The Team meet on a regular basis to discuss any relevant health, wellbeing or safety matters raised by NTS employees and either recommend, delegate or take action as deemed necessary.

Health and Safety risk: Clear safety management systems in place and ongoing awareness and safety training. This is supported by the Health and Safety Policy Group, who lead on H&S policy development, review and implementation across the company and productions. The Risk and Audit Committee review a H&S report at each meeting and review annually, the H&S policy, which is also subsequently reviewed by the Board.

NATIONAL THEATRE OF SCOTLAND

Directors' Report

For the year ended 31 March 2017

Reference and Administrative Details

Charity name: National Theatre of Scotland
Scottish Charity number: SC033377
Company Registration number: SC234270
Principal address and registered office: Rockvilla
125 Craighall Road
Glasgow
G4 9TL

The Directors of the charitable company are its trustees for the purposes of charity law and throughout this report are collectively referred to as the Directors. The following served during the year or have been appointed since the year end:

Directors and Trustees: Seona Reid DBE - Chair
Laurie Sansom – CEO & Artistic Director (resigned 29 June 2016)
Lucy Mason – Interim CEO (appointed 29 June 2016 - resigned 1 June 2017)
Jackie Wylie - CEO & Artistic Director - (appointed 28 June 2017)
Janette Harkess
Karen Hogarty
Robert John Hume (retired 7 September 2017)
Tari Lang (retired 5 October 2016)
Alison Lefroy Brooks
Ian McDiarmid (retired 28 June 2017)
Paul McKelvie
Ian Ritchie
Robert Softley Gale
Prof. Dame Joan Stringer (retired 5 October 2016)
Hardeep Singh Kohli (appointed 5 October 2016)
Ros Tyler (appointed 5 October 2016)
Michael Urquhart (appointed 5 October 2016)
Michael Boyd (appointed 7 September 2017)

Chief Executive: Laurie Sansom (resigned 29 June 2016)
Lucy Mason (Interim – appointed 6 June 2016 – resigned 26 March 2017)
Jackie Wylie (appointed 27 March 2017)

Company Secretary Alyson Hagan

Senior Management Team: Neil Murray (resigned 30 June 2016)
Alyson Hagan
Roberta Doyle (resigned 31 March 2017)
Simon Sharkey
Caroline Newall
Elly Rothnie
Gemma Swallow
Lucy Mason (Interim Executive Producer – appointed 27 March 2017 - resigned 1 June 2017)
Stella Litchfield (Interim Director of Development)
Brenna Hobson (appointed 7 June 2017)

NATIONAL THEATRE OF SCOTLAND

Directors' Report

For the year ended 31 March 2017

Reference and Administrative Details (continued)

Bankers:	Royal Bank of Scotland Paisley Chief Office 1 Moncrieff Street Paisley, PA3 2AW
Solicitors:	Maclay Murray & Spens 1 George Square Glasgow G2 1AL
Independent Auditor:	Scott-Moncrieff Exchange Place 3 Semple Street Edinburgh EH3 8BL

NATIONAL THEATRE OF SCOTLAND

Directors' Report

For the year ended 31 March 2017

Statement of Directors' Responsibilities

The directors (who are also trustees of the National Theatre of Scotland for the purposes of trust law) are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements 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 directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included in the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

NATIONAL THEATRE OF SCOTLAND

Directors' Report

For the year ended 31 March 2017

Auditor

The auditor will be proposed for reappointment at the forthcoming Annual General Meeting in accordance with section 485 of the Companies Act 2006.

Approved by the directors and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Seona Reid', is written over the printed name and title.

Seona Reid DBE
Chair

7 September 2017

NATIONAL THEATRE OF SCOTLAND

Independent Auditor's Report to the Directors and Members of the National Theatre of Scotland

For the year ended 31 March 2017

We have audited the financial statements of National Theatre of Scotland for the year ended 31 March 2017 which comprise the consolidated and parent charitable company's statement of financial activities, the consolidated and parent charitable company's balance sheets, the consolidated and parent charitable company's statement of cash flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members and directors, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and under Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members and directors 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 charitable company and its members and directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 18, the directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that they give a true and fair view. We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017 and of the group's and the parent charitable company's incoming resources and application of resources including the group's and the parent's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

NATIONAL THEATRE OF SCOTLAND

**Independent Auditor's Report to the Directors and Members
of the National Theatre of Scotland - continued**

For the year ended 31 March 2017

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic and Directors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and its environment, obtained in the course of the audit, we have not identified material misstatements in the Directors' Report. We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Scott-Moncrieff

Gillian Donald
Senior Statutory Auditor
for and on behalf of Scott-Moncrieff, Statutory Auditor
Chartered Accountants

Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date: 7 September 2017

NATIONAL THEATRE OF SCOTLAND
Consolidated Statement of Financial Activities
and Income & Expenditure Account
For the year ended 31 March 2017

			Designated and Unrestricted	Year ended 31 March 2017 Total Funds	Year ended 31 March 2016 Total Funds
	Notes	Restricted Funds £	Funds £	£	£
Income from:					
Donations and legacies	6	1,127,206	4,263,235	5,390,441	8,542,268
Income from charitable activities	7	-	2,961,675	2,961,675	1,801,433
Other trading activities	8	90,043	23,481	113,524	77,596
Income from investments		-	4,385	4,385	1,360
Total income		<u>1,217,249</u>	<u>7,252,776</u>	<u>8,470,025</u>	<u>10,422,657</u>
Expenditure on:					
Raising funds	9	-	189,749	189,749	193,958
Charitable activities:	10, 11				
Core costs		399,145	2,322,582	2,721,727	2,499,252
Programme and project development		757,708	4,813,743	5,571,451	3,978,183
Marketing and development		-	375,550	375,550	556,398
		<u>1,156,853</u>	<u>7,511,875</u>	<u>8,668,728</u>	<u>7,033,833</u>
Total expenditure		<u>1,156,853</u>	<u>7,701,624</u>	<u>8,858,477</u>	<u>7,227,791</u>
Net income / (expenditure) before theatre tax credits		60,396	(448,848)	(388,452)	3,194,866
Theatre tax credit	13	-	467,193	467,193	499,706
Net movement in funds		60,396	18,345	78,741	3,694,572
Reconciliation of funds:					
Total funds brought forward		4,838,732	447,989	5,286,721	1,592,149
Total funds carried forward	23, 24	<u>4,899,128</u>	<u>466,334</u>	<u>5,365,462</u>	<u>5,286,721</u>

There were no recognised gains or losses other than those shown above
Results for the period relate in their entirety to ongoing activities of the group
The companies included in the consolidation are National Theatre of Scotland and National Theatre of Scotland Productions Limited

The accompanying notes form part of these financial statements

NATIONAL THEATRE OF SCOTLAND
Company Statement of Financial Activities
and Income & Expenditure Account

For the year ended 31 March 2017

			Designated and Unrestricted	Year ended 31 March 2017 Total Funds	Year ended 31 March 2016 Total Funds
	Notes	Restricted Funds £	Funds £	£	£
Income from:					
Donations and legacies	6	1,127,206	4,263,235	5,390,441	8,542,268
Income from charitable activities	7	-	5,874,400	5,874,400	4,517,271
Other trading activities	8	90,043	23,481	113,524	77,596
Income from investments		-	4,385	4,385	1,360
		<u>1,217,249</u>	<u>10,165,501</u>	<u>11,382,750</u>	<u>13,138,495</u>
Total income		<u>1,217,249</u>	<u>10,165,501</u>	<u>11,382,750</u>	<u>13,138,495</u>
Expenditure on:					
Raising funds	9	-	189,749	189,749	193,958
Charitable activities:	10, 11				
Core costs		399,145	2,322,582	2,721,727	2,499,252
Programme and project development		757,708	7,291,872	8,049,580	6,237,222
Marketing and development		-	375,550	375,550	556,398
		<u>1,156,853</u>	<u>9,990,004</u>	<u>11,146,857</u>	<u>9,292,872</u>
Total expenditure		<u>1,156,853</u>	<u>10,179,753</u>	<u>11,336,606</u>	<u>9,486,830</u>
Net income / (expenditure) before theatre tax credits		60,396	(14,252)	46,144	3,651,665
Theatre tax credit	13	-	32,597	32,597	42,907
Net movement in funds		60,396	18,345	78,741	3,694,572
Reconciliation of funds:					
Total funds brought forward		4,838,732	447,989	5,286,721	1,592,149
Total funds carried forward	23, 24	<u>4,899,128</u>	<u>466,334</u>	<u>5,365,462</u>	<u>5,286,721</u>

There were no recognised gains or losses other than those shown above
Results for the period relate in their entirety to ongoing activities of the company

The accompanying notes form part of these financial statements

NATIONAL THEATRE OF SCOTLAND

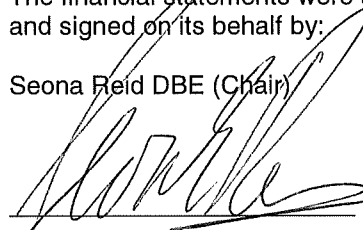
Consolidated Balance Sheet

As at 31 March 2017

	Notes	Restricted Funds £	Designated and Unrestricted Funds £	2017 Total funds £	2016 Total funds £
Fixed assets					
Tangible assets	16	54,230	5,893,712	5,947,942	1,900,791
Investments			-	-	-
		<u>54,230</u>	<u>5,893,712</u>	<u>5,947,942</u>	<u>1,900,791</u>
Current assets					
Debtors	18	-	1,618,576	1,618,576	4,127,814
Cash at bank and in hand	19	4,844,898	(4,511,508)	333,390	3,115,994
		<u>4,844,898</u>	<u>(2,892,932)</u>	<u>1,951,966</u>	<u>7,243,808</u>
Liabilities					
Creditors: Amounts falling due within one year	20	-	(725,575)	(725,575)	(1,953,204)
		<u>4,844,898</u>	<u>(3,618,507)</u>	<u>1,226,391</u>	<u>5,290,604</u>
Net current assets		<u>4,844,898</u>	<u>(3,618,507)</u>	<u>1,226,391</u>	<u>5,290,604</u>
Total assets less current liabilities		<u>4,899,128</u>	<u>2,275,205</u>	<u>7,174,333</u>	<u>7,191,395</u>
Creditors: Amounts falling due after more than one year	21	-	(1,808,871)	(1,808,871)	1,904,674
		<u>4,899,128</u>	<u>466,334</u>	<u>5,365,462</u>	<u>5,286,721</u>
Total net assets		<u>4,899,128</u>	<u>466,334</u>	<u>5,365,462</u>	<u>5,286,721</u>
The funds of the company:					
Restricted income funds	23	4,899,128	-	4,899,128	4,838,732
Designated funds	24	-	58,742	58,742	66,978
Unrestricted income funds	24	-	407,592	407,592	381,011
		<u>4,899,128</u>	<u>466,334</u>	<u>5,365,462</u>	<u>5,286,721</u>

The financial statements were authorised for issue by the Board of Directors on 7 September 2017 and signed on its behalf by:

Seona Reid DBE (Chair)



Director

Company Number: SC234270

The companies included in the consolidation are National Theatre of Scotland and National Theatre of Scotland Productions Limited

The accompanying notes form part of these financial statements

NATIONAL THEATRE OF SCOTLAND

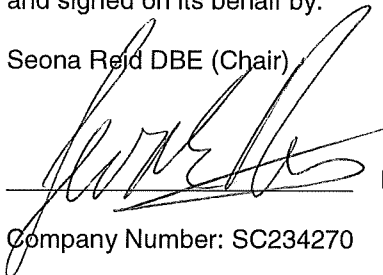
Company Balance Sheet

As at 31 March 2017

	Notes	Restricted Funds £	Designated and Unrestricted Funds £	2017 Total funds £	2016 Total funds £
Fixed assets					
Tangible assets	16	54,230	5,893,712	5,947,942	1,900,791
Investments	17	-	2	2	2
		<u>54,230</u>	<u>5,893,714</u>	<u>5,947,944</u>	<u>1,900,793</u>
Current assets					
Debtors	18	-	7,379,662	7,379,662	6,838,660
Cash at bank and in hand	19	4,844,898	(4,511,508)	333,390	3,115,994
		<u>4,844,898</u>	<u>2,868,154</u>	<u>7,713,052</u>	<u>9,954,654</u>
Liabilities					
Creditors: Amounts falling due within one year	20	-	(6,486,663)	(6,486,663)	(4,664,052)
		<u>4,844,898</u>	<u>(3,618,509)</u>	<u>1,226,389</u>	<u>5,290,602</u>
Net current assets					
		<u>4,899,128</u>	<u>2,275,205</u>	<u>7,174,333</u>	<u>7,191,395</u>
Total assets less current liabilities					
		<u>4,899,128</u>	<u>2,275,205</u>	<u>7,174,333</u>	<u>7,191,395</u>
Creditors: Amounts falling due after more than one year	21	-	(1,808,871)	(1,808,871)	(1,904,674)
		<u>4,899,128</u>	<u>466,334</u>	<u>5,365,462</u>	<u>5,286,721</u>
Total net assets					
		<u>4,899,128</u>	<u>466,334</u>	<u>5,365,462</u>	<u>5,286,721</u>
The funds of the company:					
Restricted income funds	23	4,899,128	-	4,899,128	4,838,732
Designated funds	24	-	58,742	58,742	66,978
Unrestricted income funds	24	-	407,592	407,592	381,011
		<u>4,899,128</u>	<u>466,334</u>	<u>5,365,462</u>	<u>5,286,721</u>

The financial statements were authorised for issue by the Board of Directors on 7 September 2017 and signed on its behalf by:

Seona Reid DBE (Chair)


Director

Company Number: SC234270

The accompanying notes form part of these financial statements

NATIONAL THEATRE OF SCOTLAND

Group Statement of Cash Flows

For the year ended 31 March 2017

		Total funds	Prior Year funds
	Notes	2017 £	2016 £
Cash flows from operating activities:			
<i>Net cash provided by operating activities</i>	25	1,659,983	2,233,621
Cash flows from investing activities:			
Interest received		4,385	1,360
Purchase of tangible fixed assets		(4,351,646)	(1,809,309)
Proceeds from sale of fixed assets		-	5,928
<i>Net cash used in investing activities</i>		(4,347,261)	(1,802,021)
Cash flows from financing activities:			
Cash inflows from new borrowing		-	2,000,000
Repayments of borrowing		(95,326)	-
<i>Net cash (used in) / provided by financing activities</i>		(95,326)	2,000,000
<i>Change in cash in the reporting period</i>		(2,782,604)	2,431,600
Cash at the beginning of the reporting period		3,115,994	684,394
<i>Cash at the end of the reporting period</i>		333,390	3,115,994
Components of cash and cash equivalents:			
Cash at bank and in hand	19	333,390	3,115,994

The companies included in the consolidation are National Theatre of Scotland and National Theatre of Scotland Productions Limited

The accompanying notes form part of these financial statements

NATIONAL THEATRE OF SCOTLAND

Company Statement of Cash Flows

For the year ended 31 March 2017

		Total funds	Prior Year funds
	Notes	2017 £	2016 £
Cash flows from operating activities:			
<i>Net cash provided by operating activities</i>	25	1,659,983	2,233,623
		<hr/>	<hr/>
Cash flows from investing activities:			
Interest received		4,385	1,360
Purchase of tangible fixed assets		(4,351,646)	(1,809,309)
Proceeds from disposal of fixed assets		-	5,928
Purchase of investment in subsidiary		-	(2)
		<hr/>	<hr/>
<i>Net cash used in investing activities</i>		(4,347,261)	(1,802,023)
Cash flows from financing activities:			
Cash inflows from new borrowing			2,000,000
Repayments of borrowing		(95,326)	
		<hr/>	<hr/>
<i>Net cash (used in) / provided by financing activities</i>		(95,326)	2,000,000
		<hr/>	<hr/>
Change in cash in the reporting period		(2,782,604)	2,431,600
Cash at the beginning of the reporting period		3,115,994	684,394
		<hr/>	<hr/>
<i>Cash at the end of the reporting period</i>		333,390	3,115,994
		<hr/>	<hr/>
Components of cash and cash equivalents:			
Cash at bank and in hand	19	333,390	3,115,994
		<hr/>	<hr/>

The accompanying notes form part of these financial statements

NATIONAL THEATRE OF SCOTLAND

Notes to the Financial Statements

For the year ended 31 March 2017

1. General information

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charity's transactions are denominated. These financial statements are of the National Theatre of Scotland and its subsidiary.

The charitable group comprises National Theatre of Scotland and National Theatre of Scotland Productions Limited. National Theatre of Scotland is a charitable company (SC033377) limited by guarantee, incorporated in the United Kingdom and registered in Scotland under company number SC234270. National Theatre of Scotland Productions Limited is a company limited by shares, incorporated in the United Kingdom and registered in Scotland under company number SC492495. Each entity comprising the charitable group has the same registered office, details of which can be found on the reference and administrative details page of these financial statements.

2. Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standard 102 'the Financial Reporting Standard applicable in the in the United Kingdom and Republic of Ireland' issued by the Financial Reporting Council and the Companies Act 2006. The charity's date of transition to FRS102 is 1 April 2014.

National Theatre of Scotland meets the definition of a public benefit entity under FRS102.

Before 2014 the financial statements were prepared in accordance with UK GAAP applicable prior to the adoption of FRS102, as issued by the Financial Reporting Council and referred to below as 'previous UK GAAP'.

3. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) – (Charities SORP FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

Basis of consolidation

The group financial statements consolidate the financial statements of National Theatre of Scotland and its subsidiary undertaking, National Theatre of Scotland Productions Ltd (a company limited by shares) prepared up to 31 March 2017.

Going concern

The financial statements are prepared on the basis that the Company is a going concern. The Directors regularly review budgets and cash flow forecasts and assess funding, trading and liquidity risks, and have identified no material uncertainties that may cast significant doubt about the ability of the Company to continue as a going concern.

NATIONAL THEATRE OF SCOTLAND
Notes to the Financial Statements - continued
For the year ended 31 March 2017

3. Accounting policies - continued

Income

All incoming resources are included in the Statement of Financial Activities when the company is entitled to the income, any performance conditions have been met, it is probable that the income will be received and the amount can be quantified with reasonable accuracy.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income is deferred only when the charity has to fulfil conditions before becoming entitled to it - for example, income received in advance of a theatrical performance or provision of other specified services; or where the donor has specified that the income is to be expended in future periods.

Expenditure

Expenditure is recognised on an accruals basis when the charity has entered into a legal and constructive obligation, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All costs are allocated to the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of resources. Costs relating to a particular activity are allocated directly to this activity. Where expenditure cannot be directly attributed in this way it is apportioned between activities on an appropriate basis.

Future production expenditure

All direct costs incurred in the creation of a production are regarded as pre-production costs. Such costs incurred prior to 31 March for a tour with performances taking place after that date will be recognised as future production expenditure and carried forward in proportion to the number of performances occurring in each financial year. Costs are carried forward only to the extent that they are recoverable through income generated from all sources.

- Expenditure on raising funds comprises the costs associated with attracting donations, grants and legacies.
- Expenditure on charitable activities comprises those costs incurred by the company in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them, including the costs of governing the charity.

NATIONAL THEATRE OF SCOTLAND

Notes to the Financial Statements – continued

For the year ended 31 March 2017

3. Accounting policies - continued

Value added tax

All transactions are net of VAT.

Pension costs

The company operates two defined contribution schemes in respect of its employees. The assets of the schemes are held separately from those of the company. The pension cost charge represents the amount of the contributions payable to the schemes in respect of the year.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight line basis over the period of the lease.

Fixed assets and depreciation

Fixed assets are stated at cost.

Individual or group of items of equipment costing in excess of the following limits, which have a useful life in excess of 12 months, are capitalised at cost.

Land and Buildings	over £5,000
Fixed Equipment	over £1,000
Moveable Equipment	over £1,000
Computer Equipment and Software	over £500
Production equipment	over £3,000

Depreciation is calculated to write off the cost of fixed assets over their expected useful life as follows:

Land and Buildings	50 years
Fixed Equipment	10 - 25 years
Moveable Equipment	5 - 10 years
Computer Equipment and Software	3 - 5 years
Production equipment	3 - 10 years

Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

NATIONAL THEATRE OF SCOTLAND

Notes to the Financial Statements – continued

For the year ended 31 March 2017

3. Accounting policies - continued

Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The charitable company only enters into basic financial instruments that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties including a concessionary loan from the Scottish Government in relation to the property project. Financial instruments are classified as in accordance with Chapter 11 of FRS102.

Financial instruments are recognised in the balance sheet when the charitable company becomes a party to the contractual provisions of the instrument. Financial instruments payable or receivable within one year are measured at the undiscounted amount expected to be paid or received. Financial instruments payable or receivable out with one year are initially measured at transaction value. Subsequent to initial recognition, at the end of each reporting period, basic financial instruments are measured at amortised cost using the effective interest rate method. Concessionary loans follow the alternative provisions for public benefit entities in accordance with paragraph PBE 34.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of financial activities.

Funds

Unrestricted general funds are funds which can be used in accordance with the charitable objects at the discretion of the directors.

Designated funds are set aside by the directors out of unrestricted general funds for specific purposes or projects which have commenced in the financial year but remain on-going at the year-end. These funds will be expensed in future periods, up to a maximum of three years after the financial year in which they were set aside. If they remain unspent after this period they will be released back into unrestricted reserves.

Restricted funds are funds which can only be used for particular restricted purposes within the charitable objects of the company. Restrictions arise when specified by the donor or when the funds are raised for particular purposes.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences arising are dealt with through the Statement of Financial Activities.

NATIONAL THEATRE OF SCOTLAND

Notes to the Financial Statements – continued

For the year ended 31 March 2017

4. Critical judgements and estimates

In preparing the financial statements, directors 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 may 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 addition, the directors have elected to account for concessionary loans at cost less impairment.

NATIONAL THEATRE OF SCOTLAND

Notes to the Financial Statements – continued

For the year ended 31 March 2017

5. Comparative statement of financial activities

Group

For the year ended 31 March 2016

	Restricted Funds £	Designated and Unrestricted Funds £	Year ended 31 March 2016 Total Funds £
Income from:			
Donations and legacies	4,163,769	4,378,499	8,542,268
Income from charitable activities	-	1,801,433	1,801,433
Other trading activities	39,551	38,045	77,596
Income from investments	-	1,360	1,360
	<hr/>	<hr/>	<hr/>
Total income	4,203,320	6,219,337	10,422,657
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Expenditure on:			
Raising funds	-	193,958	193,958
	<hr/>	<hr/>	<hr/>
Charitable activities:			
Core costs	167,931	2,331,321	2,499,252
Programme and project development	334,611	3,643,572	3,978,183
Marketing and development	-	556,398	556,398
	<hr/>	<hr/>	<hr/>
	502,542	6,531,291	7,033,833
	<hr/>	<hr/>	<hr/>
Total expenditure	502,542	6,725,249	7,227,791
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net income / (expenditure) before theatre tax credits	3,700,778	(505,912)	3,194,866
	<hr/>	<hr/>	<hr/>
Theatre tax credit	-	499,706	499,706
	<hr/>	<hr/>	<hr/>
Net movement in funds	3,700,778	(6,206)	3,694,572
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NATIONAL THEATRE OF SCOTLAND

Notes to the Financial Statements – continued

For the year ended 31 March 2017

5. Comparative statement of financial activities- continued

Company

For the year ended 31 March 2016

	Restricted Funds £	Designated and Unrestricted Funds £	Year ended 31 March 2016 Total Funds £
Income from:			
Donations and legacies	4,163,769	4,378,499	8,542,268
Income from charitable activities	-	4,517,271	4,517,271
Other trading activities	39,551	38,045	77,596
Income from investments	-	1,360	1,360
	<hr/>	<hr/>	<hr/>
Total income	4,203,320	8,935,175	13,138,495
	<hr/>	<hr/>	<hr/>
Expenditure on:			
Raising funds	-	193,958	193,958
	<hr/>	<hr/>	<hr/>
Charitable activities:			
Core costs	167,931	2,331,321	2,499,252
Programme and project development	334,611	5,902,611	6,237,222
Marketing and development	-	556,398	556,398
	<hr/>	<hr/>	<hr/>
	502,542	8,790,330	9,292,872
	<hr/>	<hr/>	<hr/>
Total expenditure	502,542	8,984,288	9,486,830
	<hr/>	<hr/>	<hr/>
Net income / (expenditure) before theatre tax credits	3,700,778	(49,113)	3,651,665
	<hr/>	<hr/>	<hr/>
Theatre tax credit	-	42,907	42,907
	<hr/>	<hr/>	<hr/>
Net movement in funds	3,700,778	(6,206)	3,694,572
	<hr/>	<hr/>	<hr/>

NATIONAL THEATRE OF SCOTLAND
Notes to the Financial Statements – continued
For the year ended 31 March 2017

6. Income from donations and legacies

Group and Company

	Restricted	Designated & Unrestricted	Total 2017	2016
	£	£	£	£
Scottish Government Funding	96,000	4,174,000	4,270,000	5,790,548
Other grants - public bodies and charitable foundations	978,654	-	978,654	1,614,570
Donations	52,552	89,235	141,787	1,137,150
	<u>1,127,206</u>	<u>4,263,235</u>	<u>5,390,441</u>	<u>8,542,268</u>

7. Income from charitable activities

Group

	Restricted	Designated & Unrestricted	Total 2017	2016
	£	£	£	£
Production income	-	2,941,518	2,941,518	1,773,431
Education & outreach income	-	(166)	(166)	1,875
Other income	-	20,323	20,323	26,127
	<u>-</u>	<u>2,961,675</u>	<u>2,961,675</u>	<u>1,801,433</u>

Company

	Restricted	Designated & Unrestricted	Total 2017	2016
	£	£	£	£
Production income	-	5,854,243	5,854,243	4,489,269
Education & outreach income	-	(166)	(166)	1,875
Other income	-	20,323	20,323	26,127
	<u>-</u>	<u>5,874,400</u>	<u>5,874,400</u>	<u>4,517,271</u>

NATIONAL THEATRE OF SCOTLAND
Notes to the Financial Statements – continued
For the year ended 31 March 2017

8. Income from other trading activities

Group and Company

	Restricted	Designated & Unrestricted	Total 2017	2016
	£	£	£	£
Sponsorship	90,043	23,481	113,524	77,596
	<hr/>	<hr/>	<hr/>	<hr/>
	90,043	23,481	113,524	77,596
	<hr/>	<hr/>	<hr/>	<hr/>

9. Expenditure on raising funds

Group and Company

	2017	2016
	£	£
Staff costs	133,014	132,733
Overheads	56,735	61,225
	<hr/>	<hr/>
	189,749	193,958
	<hr/>	<hr/>

This note reflects the overall cost of the development function which is responsible for fundraising.

NATIONAL THEATRE OF SCOTLAND

Notes to the Financial Statements – continued

For the year ended 31 March 2017

10. Expenditure on charitable activities

Group

	Core costs £	Programme & Project Development £	Marketing £	Total 2017 £	2016 £
Premises costs	107,286	-	-	107,286	133,266
Depreciation	304,495	-	-	304,495	85,362
IT & communication costs	95,877	-	-	95,877	100,220
Other core overheads	418,487	-	-	418,487	277,338
Staff salaries	1,740,131	-	-	1,740,131	1,851,605
Production Programme costs*	-	4,806,837	6,253	4,813,090	3,455,106
Artistic Development	10,821	195,596	-	206,417	269,264
Learn	7,628	569,018	8,916	585,562	283,566
External Affairs	15,007	-	360,381	375,388	554,466
Governance costs (note 11)	21,995	-	-	21,995	23,640
	<u>2,721,727</u>	<u>5,571,451</u>	<u>375,550</u>	<u>8,668,728</u>	<u>7,033,833</u>
of which:					
Restricted	399,145	757,708	-	1,156,853	502,542
Designated & Unrestricted	<u>2,322,582</u>	<u>4,813,743</u>	<u>375,550</u>	<u>7,511,875</u>	<u>6,531,291</u>
	<u>2,721,727</u>	<u>5,571,451</u>	<u>375,550</u>	<u>8,668,728</u>	<u>7,033,833</u>

NATIONAL THEATRE OF SCOTLAND

Notes to the Financial Statements – continued

For the year ended 31 March 2017

10. Expenditure on charitable activities - continued

<i>Company</i>	Core costs	Programme & Project Development	Marketing	Total 2017	2016
	£	£	£	£	£
Premises costs	107,286	-	-	107,286	133,266
Depreciation	304,495	-	-	304,495	85,362
IT & communication costs	95,877	-	-	95,877	100,220
Other core overheads	418,487	-	-	418,487	277,338
Staff salaries	1,740,131	-	-	1,740,131	1,851,605
Production Programme costs*	-	7,284,966	6,253	7,291,219	5,714,145
Artistic Development	10,821	195,596	-	206,417	269,264
Learn	7,628	569,018	8,916	585,562	283,566
External Affairs	15,007	-	360,381	375,388	554,466
Governance costs (note 11)	21,995	-	-	21,995	23,640
	<u>2,721,727</u>	<u>8,049,580</u>	<u>375,550</u>	<u>11,146,857</u>	<u>9,292,872</u>
of which:					
Restricted	399,145	757,708	-	1,156,853	502,542
Designated & Unrestricted	2,322,582	7,291,872	375,550	9,990,004	8,790,330
	<u>2,721,727</u>	<u>8,049,580</u>	<u>375,550</u>	<u>11,146,857</u>	<u>9,292,872</u>

*includes production wages costs of £1,290,288 (see note 12)

11. Governance costs

Group and Company

	2017	2016
	£	£
Accountancy fees	3,625	4,850
Audit fee	14,930	14,930
Board costs	3,440	3,860
	<u>21,995</u>	<u>23,640</u>

NATIONAL THEATRE OF SCOTLAND

Notes to the Financial Statements – continued

For the year ended 31 March 2017

12. Analysis of staff costs

Group and Company

	Core £	Production £	Development £	Total 2017 £	2016 £
Salaries and wages	1,489,123	1,238,808	110,707	2,838,638	3,036,840
Termination payments	-	-	-	-	29,189
Social security costs	146,966	37,360	12,896	197,222	210,961
Pension costs	104,042	14,120	9,411	127,573	134,221
	<u>1,740,131</u>	<u>1,290,288</u>	<u>133,014</u>	<u>3,163,433</u>	<u>3,411,211</u>

Production staff costs represent those employed on short-term contracts for specific productions.

	2017 Full-time	2017 Part-time	2017 Total	2016 Full-time	2016 Part-time	2016 Total
Number of employees:						
Productions - contract staff	155	72	227	190	76	266
Core staff	<u>54</u>	<u>14</u>	<u>68</u>	<u>54</u>	<u>11</u>	<u>65</u>
	<u>209</u>	<u>86</u>	<u>295</u>	<u>244</u>	<u>87</u>	<u>331</u>

The following number of employees, including the Chief Executive, received remuneration in excess of £60,000 in the period:

	2017	2016
£60,000 - £69,999	2	2
£70,000 - £79,999	1	1
£80,000 - £89,999	-	1

The company's key senior management personnel numbered ten employees during the year (2016: eight). Remuneration for these employees totalled £505,932 during the year (2016: £493,848). Employer pension contributions to the defined contribution scheme in respect of these ten employees totalled £38,446 (2016: £38,233). The movement from prior years reflects changes in key personnel during the year.

NATIONAL THEATRE OF SCOTLAND

Notes to the Financial Statements – continued

For the year ended 31 March 2017

12. Analysis of staff costs - continued

Directors' Emoluments

By the authority of the Board, the Chief Executive, Laurie Sansom (resigned 29 June 2016), received remuneration of £43,784 during the year (2016: £87,567), a royalty payment of nil (2016: £1,970) and a pension contribution of £1,751 (2016: £7,005).

By the authority of the Board, Interim Chief Executive, Lucy Mason (appointed 29 June 2016 and resigned 27 March 2017) received remuneration of £64,099 (2016: nil) and a pension contribution of £5,128 (2016: nil)

No other director received any remuneration during the year (2016: nil).

Directors' reimbursement of expenses totalled £827 for the year (2016: £1,770) for two directors (2016: two).

13. Theatre tax credit

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Theatre tax credit	467,193	499,706	32,597	42,907
	<u>467,193</u>	<u>499,706</u>	<u>32,597</u>	<u>42,907</u>

14. Related party transactions

The company has taken advantage of the exemption granted FRS 102 not to disclose transactions with the other group companies.

Group and Company

During the year, ten directors and seven senior managers made donations totalling £10,784 to the National Theatre of Scotland. In 2016, five directors and seven senior managers made donations totalling £10,168.

In 2017, flip – disability equality in the arts, of which Robert Softley Gale is also a director, received nil payments from National Theatre of Scotland (2016: £8,288 for the provision of services in support of the company's activity in relation to disability equality and access).

The husband of Caroline Newall (senior manager), Douglas Maxwell, is a playwright. In 2017, he received payments from National Theatre of Scotland totalling £1,194 for dramaturgy work with new artists (2016: payment of £11,240 for the commission of a new play).

NATIONAL THEATRE OF SCOTLAND

Notes to the Financial Statements – continued

For the year ended 31 March 2017

15. Operating lease commitments

The Group and Company's total commitments under operating leases are for leases expiring:

	2017	2016
	£	£
Land and buildings		
Within one year	-	56,292
Between one and five years	-	-
	<hr/>	<hr/>
	-	56,292
 Plant and equipment		
Within one year	5,992	8,195
Between one and five years	11,481	14,289
	<hr/>	<hr/>
	17,473	22,484
	<hr/>	<hr/>
	17,473	78,776
	<hr/> <hr/>	<hr/> <hr/>
 Operating lease rental expenses		
Land and buildings	70,814	101,042
Plant and equipment	7,991	3,198
	<hr/>	<hr/>
	78,805	104,240
	<hr/> <hr/>	<hr/> <hr/>

NATIONAL THEATRE OF SCOTLAND
Notes to the Financial Statements - continued
For the year ended 31 March 2017

16. Fixed assets

Group and Company

	Office Equipment	Fixtures & Fittings	Computer Equipment & Software	Production Equipment	Land & Buildings	Fixed Equipment	Moveable Equipment	Assets under Construction	Total
	£	£	£	£	£	£	£	£	£
Cost									
At 1 April 2016	71,042	59,165	263,270	671,732	-	-	-	1,748,348	2,813,557
Additions	-	-	925	-	-	-	-	4,350,721	4,351,646
Transfers	-	-	16,928	46,064	3,372,989	2,619,109	43,979	(6,099,069)	-
Disposals	(42,039)	(42,621)	(10,350)	-	-	-	-	-	(95,010)
At 31 March 2017	29,003	16,544	270,773	717,796	3,372,989	2,619,109	43,979	-	7,070,193
Depreciation									
At 1 April 2016	71,042	59,165	211,285	571,274	-	-	-	-	912,766
Charge in period	-	-	37,608	57,775	67,460	137,091	4,561	-	304,495
Released on disposal	(42,039)	(42,621)	(10,350)	-	-	-	-	-	(95,010)
At 31 March 2017	29,003	16,544	238,543	629,049	67,460	137,091	4,561	-	1,122,251
Net book value									
At 31 March 2017	-	-	32,230	88,747	3,305,529	2,482,018	39,418	-	5,947,942
At 1 April 2016	-	-	51,985	100,458	-	-	-	1,748,348	1,900,791

NATIONAL THEATRE OF SCOTLAND
Notes to the Financial Statements - continued
For the year ended 31 March 2017

17. Investments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Investment in subsidiary undertaking	-	-	2	2
	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
<i>Name of subsidiary undertaking</i>		<i>Country of Registration</i>	<i>Class of shares held</i>	<i>Percentage holding</i>
National Theatre of Scotland Productions Limited		Scotland	Ordinary £1	100%
		<i>Share Capital and Reserves</i>	<i>Principal Activity</i>	<i>Net Income/ (expenditure) for year £</i>
		£		
National Theatre of Scotland Productions Limited		2	Production Company	-

National Theatre of Scotland Productions Limited was incorporated on 1 October 2015 and did not trade in the period from 1 October 2015 to 31 March 2015. National Theatre of Scotland acquired the entire share capital on 1 April 2015. The registered office is Rockvilla, 125 Craighall Road, Glasgow, G4 9TL.

18. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	51,343	503,163	51,343	503,163
Future production expenditure	68,588	1,221,975	68,588	1,221,975
Prepayments	55,053	53,627	55,053	53,627
Other debtors (inc accrued income)	1,375,425	2,254,642	450,403	1,797,842
Amounts owed by group undertakings	-	-	6,754,275	3,259,006
VAT receivable	68,167	94,407	-	3,047
	<u>1,618,576</u>	<u>4,127,814</u>	<u>7,379,662</u>	<u>6,838,660</u>

NATIONAL THEATRE OF SCOTLAND
Notes to the Financial Statements - continued
For the year ended 31 March 2017

19. Cash and cash equivalents

Group and Company

	2017 £	2016 £
Cash at bank and in hand	333,390	3,115,994
	<u>333,390</u>	<u>3,115,994</u>

20. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade creditors	132,165	396,932	132,165	396,932
Accruals and deferred income	451,124	1,397,924	451,124	1,397,924
Amounts owed to group undertakings	-	-	5,644,250	2,710,848
Tax and social security	46,483	63,022	46,483	63,022
Loan - Scottish Government	95,803	95,326	95,803	95,326
VAT payable	-	-	116,838	-
	<u>725,575</u>	<u>1,953,204</u>	<u>6,486,663</u>	<u>4,664,052</u>

Deferred income included above:

<i>Group and Company</i>	2017 £	2016 £
Brought forward	345,687	6,262
Income deferred in year	-	345,687
Income released in year	(345,687)	(6,262)
	<u>-</u>	<u>345,687</u>
Carried forward	<u>-</u>	<u>345,687</u>

NATIONAL THEATRE OF SCOTLAND
Notes to the Financial Statements - continued
For the year ended 31 March 2017

21. Creditors: Amounts falling due after more than one year

Group and Company

	2017	2016
	£	£
Loan - Scottish Government	1,808,871	1,904,674
	<u>1,808,871</u>	<u>1,904,674</u>
	<u><u>1,808,871</u></u>	<u><u>1,904,674</u></u>
	2017	2016
	£	£
Amounts repayable:		
In one year or less	95,803	95,326
Between one and two years	96,282	95,803
Between two and five years	291,743	290,292
In more than five years	1,420,846	1,518,579
	<u>1,904,674</u>	<u>2,000,000</u>
	<u><u>1,904,674</u></u>	<u><u>2,000,000</u></u>

The purpose of the £2,000,000 loan has been to support the Rockvilla capital project. The loan term is 20 years with an interest rate of 0.5%, to be repaid with annual payments on 15 March or nearest working day. The loan may be repaid in full early or accelerated, at which point interest calculations will be adjusted. The level of any repayment may be increased without penalty.

22. Financial Instruments

Group

	31 March	31 March
	2017	2016
	£	£
Financial assets		
Financial assets measured at amortised cost	1,760,158	5,873,799
	<u>1,760,158</u>	<u>5,873,799</u>
Financial liabilities		
Financial liabilities measured at amortised cost	2,487,963	3,449,169
	<u>2,487,963</u>	<u>3,449,169</u>

Financial assets measured at amortised cost comprise trade debtors, accrued income, and cash.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and loan - Scottish Government.

NATIONAL THEATRE OF SCOTLAND
Notes to the Financial Statements - continued
For the year ended 31 March 2017

22. Financial Instruments - continued

Company

	31 March 2017 £	31 March 2016 £
Financial assets		
Financial assets measured at amortised cost	7,589,411	10,014,328
	<u> </u>	<u> </u>
Financial liabilities		
Financial liabilities measured at amortised cost	8,132,213	6,160,017
	<u> </u>	<u> </u>

Financial assets measured at amortised cost comprise trade debtors, accrued income, amounts owed by group undertakings and cash.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, amounts owed to group undertakings and loan - Scottish Government.

23. Restricted funds

Group and Company

	Notes	Brought Forward £	Income £	Expenditure £	Carried Forward £
Property	(a)	4,371,023	646,377	(298,033)	4,719,367
Production Programme	(b)	245,993	496,888	(691,881)	51,000
Development Programme	(c)	68,827	67,234	(74,856)	61,205
Non-programme	(d)	152,889	6,750	(92,083)	67,556
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
		4,838,732	1,217,249	(1,156,853)	4,899,128
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

(a) Property

Funding received from a variety of funders and donors in relation to the planning, development and construction of new company premises.

(b) Production Programme

Funding received in support of the company's main programme of productions.

Figures include funding for **The James Plays** from the Scottish Government International Touring Fund for performances in Canada and from Arts Council England for its tour of English venues in early 2016-17.

NATIONAL THEATRE OF SCOTLAND
Notes to the Financial Statements - continued
For the year ended 31 March 2017

23. Restricted funds - continued

Home Away, the company's largest participatory project in 2016-17, attracted funding from, amongst others, Gulbenkian Foundation and British Council.

Other productions receiving funding in 2016-17 include the US tour of **Let The Right One In** (Scottish Government International Touring Fund), and **Theatre In Schools Scotland** (Scottish Salmon Company and Arts & Business).

(c) Development Programme

Funding received to expand the company's programme of production and talent development, including support and development of Gaelic artists (Bord na Ghaidlig).

(d) Non-Programme

This mainly comprises capital grant funding for the replacement of several items of technical and office IT equipment, received in 2013-14. This amount is released in line with depreciation.

24. Designated and unrestricted funds

	Notes	Brought Forward £	Income £	Expenditure £	Carried Forward £
New writing and project commissions	(a)	66,978	36,647	(44,883)	58,742
Total Designated Funds		66,978	36,647	(44,883)	58,742
Unrestricted funds		381,011	7,683,322	(7,656,741)	407,592
		447,989	7,719,969	(7,701,624)	466,334

(a) New writing and project commissions

To provide for all future stage payments on new writing and project commissions contracted before 31 March 2017.

NATIONAL THEATRE OF SCOTLAND
Notes to the Financial Statements - continued
For the year ended 31 March 2017

25. Reconciliation of net income to net cash flow from operating activities

Group

	2017	2016
	£	£
<i>Net income for the reporting period</i>	78,741	3,694,572
Depreciation	304,495	85,362
Decrease / (Increase) in debtors	2,509,238	(2,689,254)
(Decrease) / Increase in creditors	(1,228,106)	1,150,229
Investment income	(4,385)	(1,360)
Gain on disposal of fixed assets	-	(5,928)
	<hr/>	<hr/>
<i>Net cash provided by operating activities</i>	1,659,983	2,233,621
	<hr/> <hr/>	<hr/> <hr/>

Company

	2017	2016
	£	£
<i>Net income for the reporting period</i>	78,741	3,694,572
Depreciation	304,495	85,362
Increase in debtors	(541,002)	(5,400,100)
Increase in creditors	1,822,134	3,861,077
Investment income	(4,385)	(1,360)
Gain on disposal of fixed assets	-	(5,928)
	<hr/>	<hr/>
<i>Net cash provided by operating activities</i>	1,659,983	2,233,623
	<hr/> <hr/>	<hr/> <hr/>

26. Capital commitments

The group during the year has completed the Rockvilla development in Speirs Wharf, Glasgow. All amounts relating to the contract with Luddon Construction Limited are reflected in the accounts.

27. Guarantees

The Company's banking provider, Royal Bank of Scotland, has a floating charge over the assets of National Theatre of Scotland as security in relation to a £50,000 overdraft facility.