



(a company limited by guarantee)

Annual Report and Financial Statements

For the year ended 31 March 2018

Company Number: SC234270

Charity Number: SC033377

NATIONAL THEATRE OF SCOTLAND

Report and Financial Statements

For the year ended 31 March 2018

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NATIONAL THEATRE OF SCOTLAND

Chair's Statement

For the year ended 31 March 2018

The period covered by this Annual Report marks the first full year that the National Theatre of Scotland has operated from its new rehearsal and production centre, Rockvilla, in Glasgow. Having the company's office, rehearsal studios, technical and wardrobe facilities under the same roof for the first time has transformed the conditions in which the Company produces and manages its touring activities. The new building, designed by Hoskins Architects, has also enabled the company to host national and international theatre partners and collaborators as well as invite schools and a multitude of groups to share and benefit from this incredible resource. We were delighted that Rockvilla won two prestigious architectural awards from The Royal Incorporation of Architects in Scotland and from The Royal Institute of British Architects and a Commendation at the Civic Trust Awards which recognised Rockvilla's positive benefit to our local community.

The National Theatre of Scotland continued to produce a wide-reaching, critically successful programme, which included hugely popular shows as well as bespoke theatrical gems presented in a variety of spaces and platforms. The organisation's unique model, which places collaboration and co-production at the heart of its activities, enables National Theatre of Scotland to create and facilitate a large number of high quality productions each year.

In 2017/18, 11 new productions, 3 remounts, a festival of new work and a cinema capture were created. The Company's commitment to be a theatre without walls was as strong as ever, bringing their work to London's West End and Dublin's Abbey Theatre as well as Forres town hall and the grounds of Summerlee Heritage Museum in Coatbridge. The company's productions toured far and wide, bringing great theatre to 49 cities, towns and villages.

Schools also benefitted with 174 performances of 4 touring productions from partner organisations as part of Theatre in Schools Scotland, reaching nearly 16,000 schoolchildren who might not otherwise have had any contact with theatre.

All in all, the National Theatre of Scotland facilitated 633 performances connecting with more than 146,000 people.

The Company also delivers an extensive programme of workshops, masterclasses and residencies, designed to have a strong local impact and to engage with people of all ages and ability. Throughout this period, 338 such events have taken place across the length and breadth of Scotland and beyond, with over 4,502 attendance.

Highlights during this period include:

- *The 306: Day*, the second part in Oliver Emanuel and Gareth William's powerful new First World War trilogy, opened in Perthshire before embarking on a Scottish tour. A collaboration with 14-18 NOW to commemorate 100 years since World War One and a co-production with Perth Theatre and Stellar Quines, *The 306: Day* reflected on how the conflict affected the home front, and the impact that executions for cowardice had on the women and families that were left behind.
- The National Theatre of Scotland had a phenomenal Edinburgh Festivals season. Seven major works were presented, co-produced or commissioned across the Fringe and the International Festivals, delivering the Company's largest presence to date.
- *Adam*, *Eve* and *How To Act*, the National Theatre of Scotland's three sole produced shows at The Festival gathered a total of seventeen five star reviews. *Adam* and *How To Act* both won Fringe Firsts, a first double award for the company. *Adam* won a Herald Angel and a Scottish Arts Club award and was also shortlisted for the Amnesty International Freedom of Expression award. *How To Act* toured throughout Scotland again in early 2018.

NATIONAL THEATRE OF SCOTLAND

Chair's Statement - continued

For the year ended 31 March 2018

- *Our Ladies of Perpetual Succour*, a co-production with Live Theatre in Newcastle, won the 2017 prestigious Olivier Award for Best New Comedy and had a very successful four months run at the Duke of York's Theatre in London's West End. The entire cast was also nominated for an Olivier Award for Best Supporting Actress!
- National Theatre of Scotland created a major new participatory arts project which reached across all of North Lanarkshire: *Shift*. Over a six-month residency, thousands of people participated in the creation of a series of cutting edge arts events including sound and sculptural installations in quarries and civic centres, the making of two television broadcasts, a photographic and visual arts touring exhibition, an album of song, a video art installation and a large scale site specific piece of theatre that played in the spectacular grounds of the Summerlee Heritage Museum, Coatbridge.
- To celebrate the National Theatre of Scotland's move into Rockvilla, the Company created a free weekend of performance, art and myth-making, from a leading team of professional artists and actors working alongside local community groups. The *Submarine Time Machine* project included 59 workshops with an attendance of 974. More than 8200 people came to the final event.
- A two day festival in January 2018 *Just Start Here*, offered a space to share and generate ideas, art and provocations, sparking new collaborations across art-forms as well as offering a curated and supported platform for bold, vital work to find its feet in front of an audience. Artists, audiences and communities came together in Civic House (the Company's previous office space) to share and witness new works-in-progress, discussions, forums, provocations, theatre, music, dance, visual art and cross art form experimentation.
- A National Theatre of Scotland, Regional Screen Scotland and The Space co-production enabled the company to capture and broadcast one of its production for cinema audiences for the first time. The *Rocket Post* a new production created in 2017, was captured in the island of Harris where the story is based. This screen version toured the Highlands and Islands in early 2018, continuing the ethos of the Company reaching as many people as possible with its work and ensuring that remote communities can also access their National Theatre's programme.
- As part of its ongoing commitment to develop young audiences for theatre and coinciding with the Scottish Government's Year of the Young People, the National Theatre of Scotland launched Futureproof Passport, a membership scheme for young people aged 14-26 years, giving access to £5 ticket offers for NToS productions. In order to encourage the next generation of theatre innovators and instigators, the Company has also recruited a group of eight young people to become its inaugural Youth Project Team. Embedded within departments, the Youth Project Team influence the company as a whole as well as question and provoke the organisation's work and practice.
- *Jump*, the Company's acclaimed international participatory project connecting with disenfranchised young men through the use of storytelling, theatre and parkour, continues with a production taking place in Trinidad in October 2018. A documentary about the lives of the community and artists who made the project *Run Free Jamaica* happen is currently being edited. The film is funded by British council and is intended to be distributed across a number of forums and festivals.

NATIONAL THEATRE OF SCOTLAND

Chair's Statement - continued

For the year ended 31 March 2018

- National Theatre of Scotland's international presence remained strong throughout the year. A six month run of *The Strange Undoing of Prudencia Hart* at the McKittrick Hotel in NYC culminated with a US Drama Desk Award for Best Unique Theatrical Experience. *Let the Right One In* was performed 55 times at the Abbey Theatre in Dublin and the Company won four International Theatre Academy Awards for Acting, in China.

Supporting artists to develop their practice and contributing to a vibrant and sustainable theatre ecology continues to be a priority for the National Theatre of Scotland. *Engine Room* is a new artist development programme, by which the organisation shares its resources, staff time, expertise, space and equipment far and wide. , All activities are free to artists (with financial support to cover travel) and take place across the country including Glasgow, Edinburgh, Dumfries, Wigtown, Peebles, Ayr, Stornoway and Aberdeen. In total, more than 500 artists have been involved in this ground-breaking programme in 2017/18.

The Company collaborated with the Andrew Lloyd Webber Foundation to create a pilot internship scheme for non-artists from black and minority ethnic communities who are interested in careers in theatre across all departments. The National Theatre of Scotland is now working with Coalition for Racial Equality and Rights (CRER) and the Next Step Initiative to refine and roll out the programme, which will give 5 people a 5 week paid internship, through a bespoke training programme embedded across the organisation.

All this far reaching and impactful work would not have been possible without the passion and professionalism of all the National Theatre of Scotland staff and I would like to thank them for their unfailing commitment to the Company. Can I also welcome Brenna Hobson who joined the company as Executive Producer and Deputy Chief Executive, Charlotte Gross who joined as Director of Audience and Media, and Stella Litchfield who took over the role of Director of Development.

2017/18 marked the first year under the creative leadership of Jackie Wylie. Jackie presented her first full artistic programme at the end of 2017, a bold, ambitious and diverse creative vision which achieved that delicate balance of change and continuity necessary in any transition of creative leadership. I look forward to seeing the organisation continuing to deliver this inspiring programme and watch audiences engaging with this array of exciting work.

I would like to express my sincere thanks to my fellow Trustees who give generously of their time, knowledge and expertise on a voluntary basis to help ensure the company's continued good governance and support the organisation in so many different ways. I would particularly like to acknowledge the untiring commitment of Ian McDiarmid and Robin Hume who retired during this period and to welcome Michael Boyd who joined the board in September.

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 and to her staff for their support and guidance.

We are also extremely grateful for the generous support of the Trusts and Foundations, Individual Supporters and Corporate Partners. A creative programme this big and bold would simply not be possible without their support.

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Chair's Statement - continued

For the year ended 31 March 2018

Finally, I must pay tribute to all the writers, directors, performers, composers, movement directors, designers, lighting designers, sound artists, video artists, film-makers, production managers, producers, technicians, participants, theatre companies, local authorities and venues who have made work with us or presented our work this year. Collaboration is at the heart of National Theatre of Scotland's model and provides the conduit for creating unique and precious moments with audiences in Scotland and across the world.

A handwritten signature in black ink, appearing to read 'Seona Reid', with a horizontal line underneath the signature.

Seona Reid DBE
Chair

20 September 2018

NATIONAL THEATRE OF SCOTLAND

Directors' Report

For the year ended 31 March 2018

The directors have pleasure in presenting the Director's Report (incorporating the Strategic Report) for the year ended 31 March 2018. The financial statements have been prepared in accordance with the accounting policies set out in note 2 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

The objectives reported, reflect the final year of the 2015-18 Business Plan. During the year our new Chief Executive/Artistic Director developed a new Strategic Plan for the Company for 2018-2023, which will build on our successes to date, leading the Company in its second decade, and ensuring that our work remains challenging and representative of modern Scotland.

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, developed in line with our current programming model, as outlined in the 2015-18 Business Plan. This model places the voice of inspirational artists at the centre of the programme and works to ensure 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 facilitated a longer-term planning approach across the Company, providing an increased lead-time for marketing campaigns, fundraising, and building partnerships and also included 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.

The move to our new purpose built premises presented us with new opportunities to fulfil our ambitions to be a theatre for everyone, a creative catalyst for the sector and an international innovator as well as enhance the way we work together as a company. We continue to explore opportunities to use and exploit this new space. In terms of challenges, we operate within an economic environment that is fragile and while we have benefited from the ongoing support of the Scottish Government, 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

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Directors' Report

For the year ended 31 March 2018

Objectives and Activities (continued)

corporate sponsorship. We will also continue to develop new financial models for the exploitation of the company's work, including digital and broadcast strategies, which have been progressed during the year. A critical income source for the Company over the past three financial years has been Theatre Tax Relief and while a considerable draw on staff resources, it has and will continue to provide a vitally important income stream.

2017/18 was the third and final year of our current three year Business Plan and reflects our strategic, artistic and financial plans, ambitions and challenges. Within the plan we have four strategic priorities:

- **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.
- **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.
- **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 developed a range of time bound objectives and annual KPIs to monitor our progression against the key objectives and the business plan. These were reviewed and updated / expanded, on an annual basis.

Strategic Report

Achievements and performance

2017-18 was a transition year for the Company, with our new Chief Executive/Artistic Director starting at the end of March 2017 and from the outset supporting and leading the delivery of the 2017/18 programme, while also looking to the future and the development of the 2018/19 programme. The year started with the final weeks of our successful residency in New York with *The Strange Undoing of Prudencia Hart*, while in Perth we continued with the second production of our challenging 306 Trilogy, *306:Day*, staged to commemorate the 100 years since the First World War. Once again we had a strong and successful presence at the Edinburgh International Festival with our award winning productions *Adam*, *Eve* and *How To Act*. Reflecting our commitment to bring pressing and important topics to our audiences, *Adam* and *Eve* each brought to the stage compelling stories of personal struggles as a trans man and woman.

Once again we travelled across Scotland with productions in 49 cities, towns and villages, in total facilitating 633 performances and connecting with more than 146,000 people. In collaboration with Regional Screen Scotland and The Space we were able to, for the first time, capture and broadcast

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Directors' Report

For the year ended 31 March 2018

Achievements and performance (continued)

one of our productions for cinema audiences. The *Rocket Post*, was captured in the island of Harris where the story is based and the screen version was then toured across the Highlands and Islands, continuing our ethos of reaching as many people as possible with our work and ensuring that remote communities can also access our programme.

Our commitment to engaging with local communities continued with the year starting and ending with two large scale participatory projects, *Submarine Time Machine* and *Shift*. *Submarine Time Machine* started the year with a weekend of free performances of professional artists working with the local community, staged on the Forth & Clyde Canal near Rockvilla. *Shift* closed the year telling the stories of the many 'shifts' put in by the workers who built our world and created our future. Once again this was performed by a combination of professional artists working with the local community, and staged at the Summerlee Museum of Scottish Industrial Life in Coatbridge.

Through all of our diverse productions we maintained the quality and quantity of our programme and continued to thrill audiences in Scotland and beyond.

Our first full year in our new building Rockvilla has proved a huge success and not just for the Company and staff in transforming how we work, but also for the wider Theatre sector through sharing our world class facility. This is demonstrated by our new Talent Development initiative launched during the year, Engine Room, which reflects our ongoing commitment to support artists to develop their practice and contribute to the wider theatre ecology. Through this we have shared our resources, staff time, expertise, space and equipment with artists, in Rockvilla as well as out with, with activities taking place across Scotland including Glasgow, Edinburgh, Dumfries, Wigtown, Peebles, Ayr, Stornoway and Aberdeen. We also held a two day festival, *Just Start Here*, in January 2018 at our previous offices at Civic House. This festival offered a space to share and generate ideas, art and provocations, sparking new collaborations across art-forms. Our new building has been a key resource in supporting this exciting new initiative as well as acting as a spring board for expanding our Talent Development activity reach out across Scotland.

In line with our commitment to ensure that the National Theatre of Scotland is a safe place to work, we have undertaken a comprehensive exercise to review and develop our policies and procedures around the issues of harassment and abuse of power within the sector. The updated and new policies were rolled out in 2018.

As part of our commitment to working with and engaging with young people and in line with the Scottish Governments Year of the Young Person in 2018, we recruited a group of eight young people to become our inaugural Youth Project Team with the view to supporting and encouraging the next generation of theatre innovators and instigators. They were embedded within departments across the Company with a remit of influencing the Company as a whole, as well as questioning and provoking the organisation's work and practice. Also as part of the Year of the Young Person and this time to encourage and develop new young audiences, we launched the Futureproof Passport, a membership scheme for young people aged 14-26 years, giving access to £5 ticket offers for National Theatre of Scotland productions.

The Company continued to make good progress in achieving our core objectives during this our final year of our 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 and in 2017/18 we had further 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 which ended its six month run at the end of April 2017, was a new approach for us in terms of presentations, with our primary aim being to test this as a mechanism to further consolidate our development/fundraising activity in America. This proved successful with

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Directors' Report

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Achievements and performance (continued)

direct sponsorship being generated for the project, as well as Trust and Foundation support received for outreach activity. In terms of longer term impact, the 6 month residency allowed us time to cultivate new and consolidate existing donors and develop new contacts and relationships for future benefit and critically also confirmed that to fully maximise the US market, we need to have a sustained presence. Other successes in the year from exploitation of our repertoire, were *Let the Right One in* at The Abbey in Dublin, which again proved a success with audiences and due to its popularity was extended, as well as a successful run in the West End with *Our Ladies of Perpetual Succour* at the Duke of York Theatre. Alongside our programme we held our first ever large scale fundraising gala. The 'Swish' event was held at Rockvilla in October 2017 and as well as being a financial success it provided an invaluable experience for development of future events and has informed a model of new fundraising 'events' to be held in Scotland and in the US during 2018/19.

Once again 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 the USA, Eire and China and our international presence 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 and we continue to make positive steps in developing partnerships with commercial producers, such as Sonia Freedman who we partnered with for the West End premier of *Our Ladies of Perpetual Succour*. 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 another successful programme of activity while for the fifth consecutive year achieved a positive year-end out-turn position. This is reflecting our commitment over the past five years to improve our financial resilience, by rebuilding our operating reserves, work which will continue until we reach our target of 10% of projected turnover, for which we are currently ahead of schedule. The financial resilience of the Company is critical 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 and income streams, as well as maintaining existing ones and prioritising our available resources.

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

- **A Catalyst for Creativity**

Objective: Collaborate with Scotland's leading children's theatre companies to design and pilot a National Schools Touring Network that would ensure that high quality theatre can be accessed by children across Scotland on an annual basis.

KPI: Design a model for the Schools Touring Network and seek funding for a four year pilot to be implemented from April 2016.

Status: Year 2 of the pilot saw us increase the number of shows offered to schools from 2 in year 1 to 5. This increase was made possible through the trialling of 'associated productions': shows by our partners organisations, already undertaking schools touring, that went out with support from and under the banner of Theatre in Schools Scotland. Collectively the shows offered covered all primary school age brackets. A total of 17,539 children saw the work, which toured to 209 schools, across 26 local authorities. Of the 90% of completed teacher questionnaires teachers, 93% said the shows had increased the children's cultural literacy, 86% said they were encouraged to use drama to teach the curriculum.

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Directors' Report

For the year ended 31 March 2018

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: During 2017/18 we have worked in partnership with: Magnetic North on their 'Rough Mix' programme - ensuring a dedicated place on the programme for a BAME artist; with Birds of Paradise on 'BOP Artists' - supporting three disabled artists to skill up and develop new projects; with RCS and National Autistic Society on a second year of 'Limitless', which this year tests a potential youth theatre model for young people with autism; worked in partnership with Solar Bear, Birds of Paradise and Sign Arts on the 1st year of a Sign Language Interpreter training programme 'Creative Licht' to ensure deaf audiences are catered for.

- **An International Innovator**

Objective: Increase our profile by opening dialogue with world-class European theatre companies and artists and seeking strategic partnerships for new collaborations.

KPI: Return to the Maxim Gorky and Shubuhne Theatres in Berlin by the end of 2016, and identify two other potential partners who share our values from other European countries by March 2017, partly through our presence at the Europe Theatre Prize in Romania, Spring 2016 and a research trip to Avignon Festival in July 2016.

Status: We have reinvigorated our relationship with key European theatres following the arrival of our new Artistic Director. This is evidenced by the inclusion of Gob Squad's Super Night Shot in the European Championships as well as Rimini Protokoll, CAMPO and Ahke as part of the Year of Young People project. We have strong interest from the Oerol Festival in the Netherlands for Reason I Jump.

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

Objective: Embed environmental sustainability into the heart of our work and encourage and influence others by our own actions, working with Creative Carbon Scotland and other companies to champion and promote best practice.

KPI: Develop a Carbon price tag (an average carbon footprint) for each size of production – i.e. small scale, large scale, highland tour, by January 2017 that can be part of early artistic strategy meetings and influence decisions on planning

Status: We have established an internal cross department Green Team led by the Technical Director, the company's Green Champion. The remit is to develop our environmental programme and planning and to ensure that we embed sustainability into the heart of the organisation. We have developed relationships with Resource Efficient Scotland to look at building sustainability; Energy Revolution to look at audience offset and the Chamber of Commerce to look at circular assessment and the circular economy. Our association with Mark Stevenson, our Associate Futurologist, has been introducing us to exciting entrepreneurial leaders in the world of Sustainability and we look forward to developing those relationships. We continue to monitor selected productions to get a clear picture of an average footprint for each scale.

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Directors' Report

For the year ended 31 March 2018

Financial review

The consolidated figures for the financial year reflect 2017/18 being a transition year for the National Theatre of Scotland. Our new Artistic Director, Jackie Wylie started at the end of March 2017 and through the year successfully led the delivery of our awarding winning programme, while also developing her inaugural programme for 2018/19.

Total incoming resources decreased from the prior year level of £8,470,025 to £5,399,233. This primarily reflected the structure of the programmes and therefore income profile in 2016/17 compared to that in 2017/18, as well as, to a lesser degree, the timing of some final capital project receipts in 2016/17. As always the largest element of the income for the year was from our Scottish Government core grant, £4,174,000. In addition to our core grant we also received a further £44,000 to support our international touring activity as well as £45,300 of capital funding, to support, primarily, our technical equipment replacement programme. The income in year adjusted for capital receipts is in line with prior years.

The unrestricted operating surplus position of £56,408, excluding designated funds, created an unrestricted operating reserve of £464,000. This further improving our financial resilience by building on the operating surpluses generated over the past four financial years, in line our objective of increasing our unrestricted reserves, until we reach our target of 10% of projected turnover, for which we are currently ahead of schedule. In addition we have presented a large movement on designated funds, reflecting our decision in early 2017/18 not to develop any new projects for that year, but instead to focus on delivering our existing 2017/18 programme and develop our new 2018/19 programme. The designation was resourced through the reallocation of un-assigned resources; protection of production and general management contingencies; effective budgeting reflected in positive results within the 2017/18 programme, as well as recognition in year of our theatre tax credit.

Total reserves at the year-end were £5,992,076 (2016-17: £5,365,462). Of this £4,869,732 (2016-17: £4,899,128) being restricted reserves, with £4,558,189 (2016-17: £4,719,367) relating to the capital project, equating to 94% of restricted and 76% of total reserves. The year-end balance was made up of £464,000 unrestricted funds, as already referenced; £658,344 designated funds, split between £91,094 for new writing and commissions and £567,250 to support 2018/19 planned programme and activities and £311,543 of other non-property project restricted funds. The overall movement in funds in the year was £626,614 with movement across all funds, but primarily within designated 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 2018 under this definition were £464,000 representing 7.4% of projected turnover. Total reserves as at 31 March 2018 were £5,992,076 representing 96% 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. At end of 2017/18, being the second year of eight, we are ahead of schedule.

Investment policy

The company's 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.

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Directors' Report

For the year ended 31 March 2018

Financial review (continued)

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 2015/16, for the purposes of claiming theatre tax relief on selected eligible projects, a nil submission being made for 2016/17. Corporation tax returns for the financial years 2015/16 and 2016/17, were also submitted through the 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 acquired 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.

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 currently made up of 10 directors, two of whom are members of the Senior Management Team of the National Theatre of Scotland. Brenna Hobson, National Theatre of Scotland Executive Producer and Stella Litchfield, Director of Development. A new Board member Derek Dixon was nominated and approved to join the US Board at the November 2017 meeting. The US Board reviews grant proposals from the National Theatre of Scotland and distributes funds to support its work. In Sept 2018 a Benefit Gala Fundraising Dinner will be held in NY to celebrate 10 years of NTS America Inc.

Donated services

The National Theatre of Scotland does on occasion use volunteer staff. In addition the company also hosts 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.

NATIONAL THEATRE OF SCOTLAND

Directors' Report

For the year ended 31 March 2018

Plans for future periods

During 2018/19 we will be continuing to build on our significant successes to date and rollout our new five year Strategic Plan 2018-2023 and ten year vision, which outlines our new Chief Executive/Artistic Director's plans for the organisation's next phase. These are to make daring artistic choices which will ensure that Scotland continues to be globally renowned for the boldness of its national theatre, summed up through the word audacity. This is about the scale that we dare to achieve in our theatres, shifting the perceptions of what is possible in Scottish theatre. It is equally about the sites and landscapes that we dare to make work in. This audacity will also manifest itself in the types of artists that we support and their abilities to break new ground in how theatre is made.

Our plan also recognises that we need to be truly representative of Scottish society as a whole and therefore our focus will be to ensure our organisation, programme of activity and audiences represent the diversity and complexity of Scotland. In addition, bringing in future generations of artists and audiences, to future proof the role of theatre in the cultural life of Scotland, will be a priority.

The four new strategic priorities are:

- **Create meaningful and innovative theatre, by:**
 - Achieving aspirational standards of ambition, excellence and artistic quality.
 - Pushing the boundaries of what theatre is and can achieve.
 - Embracing new future-facing theatre forms including the artistic potential that technology offers.
 - Representing the complexities of contemporary Scotland at home.
 - Celebrating our unique cultural achievements on a world stage
 - Collaborating with the most exciting companies in the world and bringing their work to Scotland.
- **Have a significant positive impact in society, by:**
 - Creating work that enables wider participation in civil society.
 - Creating participatory work with communities that is both transformative and cutting edge.
 - Developing talent and contributing to the health of the whole Scottish theatre sector
 - Addressing under-representation within the board, staff and artists.
 - Leading the way in environmental sustainability.
- **Reach and engage the broadest possible audience, by:**
 - Considering our audience in all the decisions we take, continuing to be a 'theatre for everyone' across Scotland.
 - Touring as widely as possible including reaching rural and remote audiences in Scotland and create broadly popular work.
 - Significantly growing our digital presence and reach.
 - Diversifying our audience so it is a true representation of society as a whole (with a particular focus on young audiences and children).
 - Developing a meaningful and long term relationship with our audience.
- **Ensure NToS is a resilient and sustainable organisation, by:**
 - Diversify the sources of income and increasing overall income and donations while maintaining Scottish Government contribution
 - Build reserves to 10% of turnover.
 - Actively learn from our projects and activities, whether successful or not.
 - Invest in personnel, equipment and technological solutions.
 - Develop an organisational culture that is supportive, transparent and safe.
 - Staff are properly trained and supported in career development.

NATIONAL THEATRE OF SCOTLAND

Directors' Report

For the year ended 31 March 2018

Plans for future periods (continued)

We will be moving to our next phase of organisational development within a climate of significant political, economic and cultural change and uncertainty, with the impact Brexit on the cultural sector and on movement of artists; access to funding for collaborations with Europe and general economic impact, all unknown.

While we have been impacted in recent years by standstill and therefore in real terms 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 continues to be greatly welcomed. In addition, the Scottish Government is currently drawing up its own cultural strategy, with one of the stated aims being that the strategy has longevity and endures and is relevant beyond budget cycles and political tenures.

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 build on work to date and continue our focus on growing alternative income streams; continuing with the wider exploitation of the Company's work, including digital and broadcast strategies as well as our fundraising activity, individual giving, trusts and foundations and corporate sponsorship. Critically there is increased competition for the limited cultural funding from governments internationally and perhaps not coincidentally philanthropic support, once primarily a North American funding pillar, is becoming a growing area of business interest in the UK and other parts of the world.

We are also aware that technological change will alter the way we live and work in the foreseeable future and that the National Theatre of Scotland will need to rise to the challenge of striving to maintain its relevance in the context of competition with other mass forms of cultural engagement.

With all of these opportunities and challenges we hope that our new artistic vision together with our commitment to maintain ongoing investment in the development of theatre artists, audiences and new work, will ensure a robust artistic future for the Company.

Diversity

The Company follows best practice in terms of corporate governance and embraces the virtues of diversity and equal opportunities in all its activities. The Company 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. Within the Board this is reflected through the proactive work during the year to broaden the Board's diversity and inclusiveness; the continued commitment to maintain the gender balance of the Board membership as well as the identified need for a more diverse membership in terms of Black, Asian and Minority Ethnic (BAME) as well as younger voices at Board level, both of which we have started to address through recent recruitment of a BAME Board member and the recruitment of an under 25 Board member. The Board is committed to continuing to work to further increase its diversity.

Our commitment to diversity expands to all areas and we established at the start of 2017/18 a new monitoring process to determine the makeup of our staff, Board and the wide range of people we work with. This has been incredibly valuable and confirmed that there is much more work required in this area to ensure we are inclusive as possible. This was a key driver in the decision to apply to the Andrew Lloyd Webber Foundation, to support a new initiative for paid internships for BAME individuals. In 2011, we formally recognised BAME individuals and communities, as one of our three Priority Underrepresented Groups. Priority Underrepresented Groups being the collective term we use, to refer to key groups identified by the Company as most under represented across the organisation's full range of activities, including amongst the Board, staff, artists, projects/productions and audiences. Over the last 6 years, we have supported increased numbers

NATIONAL THEATRE OF SCOTLAND

Directors' Report

For the year ended 31 March 2018

Diversity (continued)

of BAME theatre artists to develop their skills and make new theatre productions and have recruited a small number of BAME staff and onto our Board, but we recognised the need to inspire more individuals from BAME communities to explore career opportunities within the wider range of roles undertaken within the theatre and as there were no existing schemes to target this areas, this was the focus for the five BAME paid interns who joined us during January to March 2018.

A representative from the Andrew Lloyd Webber/BAME interns group and from the Youth Project Team, attended the March 2018 Board meeting. They communicated their involvement in projects and activities while with us and also talked about their impressions and observations of the Company and its work. They confirmed that they had found the experience of spending time very valuable, and that being introduced to a broad range of work and areas within the Company had increased their understanding of the theatre industry and theatre making and also boosted their confidence to pursue a career in other industries.

This continued commitment is reflected in our new strategic plan and identified KPIs as well as through our ongoing work in policy and process review and development, ensuring that our commitment to diversity is reflected through all we do.

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 Executive and Senior Management Teams, headed by the Chief Executive/Artistic Director, who have responsibility for all operational matters and decisions. All major policy decisions are approved 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.

As set out in the articles of association, last amended on 20 June 2018, 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 Vice Chair of the Board. The amendment to the articles of association of the 20 June were to reflect the role of the Senior Independent Director (Vice Chair); to expand the 'limitation on private benefits' to also include 'connected persons' and to state the extent of payments to Directors. These amendments were identified from the governance review process.

During the year there have been a number of changes to the Board due to retirements and corresponding appointments, with four new Board members being appointed. All new Directors are selected via a rigorous and open recruitment process, which starts with a full skills audit to identify existing and imminent skills gaps within the Board. The identified 'gaps' during the year due to retirements were, financial; legal; experienced arts leader or established theatre maker and a young person, aged under 25, with a passion for theatre. All posts are advertised through online advertising channels and social media networks and if necessary through traditional press medium. Prospective Board members submit their CV, a covering letter and complete a Diversity Monitoring Form. All applications are assessed against agreed criteria and skills matrix. If shortlisted, applicants are invited to a formal interview.

Reflecting the retirements and relevant skillsets, the chairs of the Committees were also reviewed and reconfigured.

NATIONAL THEATRE OF SCOTLAND

Directors' Report

For the year ended 31 March 2018

Structure, governance and management (continued)

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 and operations.

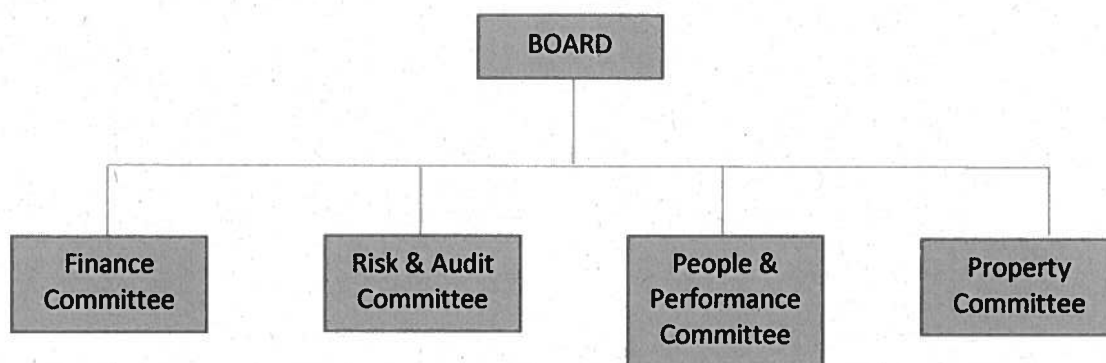
To support the work of the Finance Committee and the Property Committee, membership also includes Co-opted members with a professional background in accountancy or finance and a property and construction, respectively.

An Advisory Development Board was established to support and develop our fundraising activity and strategy. This group had no executive responsibility and its role was to advise and assist the company to raise funds from the non-statutory sectors. Two members of the main Board were members of this group along with the Director of Development. A review was undertaken and it was decided at the 28 June 2017 Board meeting that the Advisory Development Board be disbanded.

In 2014/15 the Board initiated discussions on its role and responsibilities and determined to undertake a light touch governance review in 2015 to be followed by a full governance review in 2017. The light touch review was completed and the findings reported to the Board in September 2015. In 2017 the full review was also completed and the detailed report and recommended actions reported to the Board at the December 2017 meeting. We are currently in the process of progressing the identified actions in line with the agreed schedule, which includes presenting and reporting to relevant Committees, as appropriate, and in full to the Board. The company will operate a 4 year cycle of full Governance Reviews from 2017. The light touch and full review was undertaken by an external advisor and future reviews will likewise be completed by an external independent advisor.

In March 2015 the Board approved the establishment of a wholly owned subsidiary, National Theatre of Scotland Productions Ltd (SC492495). The subsidiary was acquired on 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 Executive and 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.



NATIONAL THEATRE OF SCOTLAND

Directors' Report

For the year ended 31 March 2018

Structure, governance and management (continued)

The Board has been supported by four sub-committees, during the year. 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 and internal audit process.
- Consider and recommend to the Board the appointment of the external auditor and their audit fee
- Review the internal financial and non-financial control environment.
- Review company procedures and systems for risk management.

Committee membership during the year:

- Alison Lefroy-Brooks – Chair
- Paul McKelvie
- Janette Harkess
- Michael Urquhart (during the year temporally left Committee to Chair Finance Committee)

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.

Committee membership during the year:

- Robin Hume – Chair (retired 7 September 2017)
- Ian Ritchie – Interim Chair
- Michael Urquhart - Interim Chair
- Claire Evans – Chair from August 2018
- Karen Hogarty
- John Mason – Co-optee

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 staff. Remuneration for all senior staff 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 Staff.
- Consider Board membership and composition and establish a proper framework for recruitment and development/training.
- Consider, when making recommendations on new Directors to the Board, the particular needs of the Company and that they reflect the Company's diversity action plan.
- Ensure that duties, responsibilities and privileges of Board membership are made clear on appointment and that a proper induction process for new members is in place.
- To oversee the drafting and implementation of the Company's policies including procedures on whistle blowing, wellbeing, diversity and any other HR related policies.

Committee membership during the year:

- Janette Harkess – Chair
- Seona Reid
- Paul McKelvie
- Ros Tyler
- Robert Softley Gale

NATIONAL THEATRE OF SCOTLAND

Directors' Report

For the year ended 31 March 2018

Structure, governance and management (continued)

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 was scheduled to meet four times a year, with additional meetings called as required, in line with the Property project programme. During 2017/18 the Committee met once, on the 25 April 2017 and 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.

Committee membership during the year:

- Alison Lefroy-Brooks – Chair
- Karen Hogarty
- Robert Softley Gale
- Janette Harkess
- Alyson Hagan
- Lucy Mason
- Ann Allen – Co-optee

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 three remaining Committees reviewed and approved their respective terms of reference. These were formally approved at the Board meeting of 20 June 2018.

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. 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. Alongside this a copy of the Board CEO report, redacted for sensitive matters, is circulated to all staff after the Board meeting. A key other area of work during the year has been to ensure our policies and procedures support our drive to provide a safe working environment that is supportive and free from harassment and abuse of power for all we engage with. Our excellent health and safety culture within the company, further builds on this obligation for safe places and we continue to aim to lead and support the sector in H&S.

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. The Board reviews the Risk Register on an annual basis. The risk register has been developed over the past five years to meet the Company's needs and thereby facilitate embedding it into the management and planning cycle.

NATIONAL THEATRE OF SCOTLAND

Directors' Report

For the year ended 31 March 2018

Structure, governance and management (continued)

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 have proactive debtor management processes and monitor the debtor profile on an ongoing basis to mitigate the risk of potential bad debts from venues and partnering organisations. In addition the team continues to raise with the Production Team the importance of timely settlements on all productions. The Finance Committee regularly reviews the company's debtor profile.

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.

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 2018

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 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 (retired 20 September 2018) Robert John Hume (retired 7 September 2017) Alison Lefroy Brooks Ian McDiarmid (retired 28 June 2017) Paul McKelvie Ian Ritchie Robert Softley Gale Hardeep Singh Kohli Ros Tyler Michael Urquhart Michael Boyd (appointed 7 September 2017) Claire Evans (appointed 15 March 2018) Sheelagh Duffield (appointed 20 September 2018) Jean Cameron (appointed 20 September 2018) Keiran O'Neill (appointed 20 September 2018)
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Chief Executive:	Jackie Wylie
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Company Secretary	Alyson Hagan
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Executive Team:	Jackie Wylie Brenna Hobson (appointed 7 June 2017)
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Senior Management Team:	Alyson Hagan Simon Sharkey Caroline Newall Elly Rothnie (resigned 26 December 2017) Gemma Swallow Lucy Mason (Interim Executive Producer – appointed 27 March 2017 - resigned 1 June 2017) Stella Litchfield Margaret-Anne O'Donnell (appointed 1 April 2017– resigned 16 March 2018) Charlotte Gross (appointed 15 Jan 2018) Laura Clark (appointed 1 April 2018)
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NATIONAL THEATRE OF SCOTLAND

Directors' Report

For the year ended 31 March 2018

Reference and Administrative Details (continued)

Bankers: Royal Bank of Scotland
Paisley Chief Office
1 Moncrieff Street
Paisley, PA3 2AW

Solicitors: Dentons LLP
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 2018

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.

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:



Seona Reid DBE
Chair
20 September 2018

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 2018

Opinion

We have audited the financial statements of National Theatre of Scotland (the parent charitable company) and its subsidiary (the group) for the year ended 31 March 2018 which comprise the Consolidated and Parent Charitable Company Statement of Financial Activities (incorporating the Income and Expenditure Account), the Consolidated and Parent Charitable Company Balance Sheet, the Consolidated and Parent Charitable Company Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2018 and of the group's and parent charitable company's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 2018

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report (incorporating the Strategic Report), which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Directors' Report (incorporating the Strategic Report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report (incorporating the Strategic Report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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

Responsibilities of the directors

As explained more fully in the directors' responsibilities statement set out on page 21, the directors (who are the directors for the purposes of company law and trustees for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent charitable company or to cease operations, or have no realistic alternative but to do so.

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 2018

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

Our audit work has been undertaken so that we might state to the parent charitable company's members, as a body, and the charitable company's directors, as a body, those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent charitable company, the parent charitable company's members, as a body, and the parent charitable company's directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Scott Moncrieff

Gillian Donald, Senior Statutory Auditor

For and on behalf of

Scott-Moncrieff, Statutory Auditor

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

Chartered Accountants

Exchange Place 3

Semple Street

Edinburgh

EH3 8BL

Date *20 September 2018*

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

For the year ended 31 March 2018

			Designated and Unrestricted Funds	Year ended 31 March 2018 Total Funds £	Year ended 31 March 2017 Total Funds £
	Notes	Restricted Funds £	Funds £		
Income from:					
Donations and legacies	5	531,345	4,334,550	4,865,895	5,390,441
Income from charitable activities	6	2,090	473,985	476,075	2,961,675
Other trading activities	7	35,050	21,001	56,051	113,524
Income from investments		-	1,212	1,212	4,385
Total income		568,485	4,830,748	5,399,233	8,470,025
Expenditure on:					
Raising funds	8	-	218,184	218,184	189,749
Charitable activities:	9, 10				
Core costs		338,358	2,376,266	2,714,624	2,721,727
Programme and project development		259,523	1,490,353	1,749,876	5,571,451
Marketing and development		-	361,920	361,920	375,550
		597,881	4,228,539	4,826,420	8,668,728
Total expenditure		597,881	4,446,723	5,044,604	8,858,477
Net income / (expenditure) before theatre tax credits		(29,396)	384,025	354,629	(388,452)
Theatre tax credit	12	-	271,985	271,985	467,193
Net movement in funds		(29,396)	656,010	626,614	78,741
Reconciliation of funds:					
Total funds brought forward		4,899,128	466,334	5,365,462	5,286,721
Total funds carried forward	23, 24	4,869,732	1,122,344	5,992,076	5,365,462

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 2018

			Designated and Unrestricted Funds	Year ended 31 March 2018 Total Funds	Year ended 31 March 2017 Total Funds
	Notes	Restricted Funds £	£	£	£
Income from:					
Donations and legacies	5	531,345	4,334,550	4,865,895	5,390,441
Income from charitable activities	6	2,090	1,430,371	1,432,461	5,874,400
Other trading activities	7	35,050	21,001	56,051	113,524
Income from investments		-	1,212	1,212	4,385
Total income		<u>568,485</u>	<u>5,787,134</u>	<u>6,355,619</u>	<u>11,382,750</u>
Expenditure on:					
Raising funds	8	-	218,184	218,184	189,749
Charitable activities:	9, 10				
Core costs		338,358	2,376,266	2,714,624	2,721,727
Programme and project development		259,523	2,185,972	2,445,495	8,049,580
Marketing and development		-	361,920	361,920	375,550
		<u>597,881</u>	<u>4,924,158</u>	<u>5,522,039</u>	<u>11,146,857</u>
Total expenditure		<u>597,881</u>	<u>5,142,342</u>	<u>5,740,223</u>	<u>11,336,606</u>
Net income / (expenditure) before theatre tax credits		<u>(29,396)</u>	<u>644,792</u>	<u>615,396</u>	<u>46,144</u>
Theatre tax credit	12	-	11,218	11,218	32,597
Net movement in funds		<u>(29,396)</u>	<u>656,010</u>	<u>626,614</u>	<u>78,741</u>
Reconciliation of funds:					
Total funds brought forward		4,899,128	466,334	5,365,462	5,286,721
Total funds carried forward	23, 24	<u>4,869,732</u>	<u>1,122,344</u>	<u>5,992,076</u>	<u>5,365,462</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 2018

	Notes	Restricted Funds £	Designated and Unrestricted Funds £	2018 Total funds £	2017 Total funds £
Fixed assets					
Tangible assets	15	4,558,189	1,177,694	5,735,883	5,947,942
Investments			-	-	-
		<u>4,558,189</u>	<u>1,177,694</u>	<u>5,735,883</u>	<u>5,947,942</u>
Current assets					
Debtors	17	-	1,204,785	1,204,785	1,618,576
Cash at bank and in hand	18	311,543	1,176,579	1,488,122	333,390
		<u>311,543</u>	<u>2,381,364</u>	<u>2,692,907</u>	<u>1,951,966</u>
Liabilities					
Creditors: Amounts falling due within one year	19	-	(724,125)	(724,125)	(725,575)
		<u>311,543</u>	<u>1,657,239</u>	<u>1,968,782</u>	<u>1,226,391</u>
Net current assets					
		<u>311,543</u>	<u>1,657,239</u>	<u>1,968,782</u>	<u>1,226,391</u>
Total assets less current liabilities		<u>4,869,732</u>	<u>2,834,933</u>	<u>7,704,665</u>	<u>7,174,333</u>
Creditors: Amounts falling due after more than one year	20	-	(1,712,589)	(1,712,589)	(1,808,871)
		<u>4,869,732</u>	<u>1,122,344</u>	<u>5,992,076</u>	<u>5,365,462</u>
Total net assets		<u>4,869,732</u>	<u>1,122,344</u>	<u>5,992,076</u>	<u>5,365,462</u>
The funds of the company:					
Restricted income funds	23	4,869,732	-	4,869,732	4,899,128
Designated funds	24	-	658,344	658,344	58,742
Unrestricted income funds	24	-	464,000	464,000	407,592
		<u>4,869,732</u>	<u>1,122,344</u>	<u>5,992,076</u>	<u>5,365,462</u>

The financial statements were authorised for issue by the Board of Directors on 20 September 2018 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

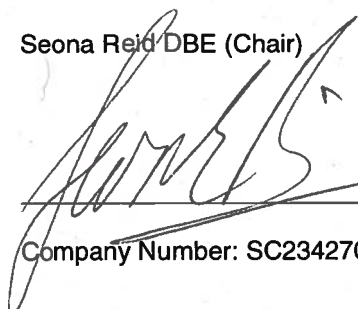
Company Balance Sheet

As at 31 March 2018

	Notes	Restricted Funds £	Designated and Unrestricted Funds £	2018 Total funds £	2017 Total funds £
Fixed assets					
Tangible assets	15	4,558,189	1,177,694	5,735,883	5,947,942
Investments	16	-	2	2	2
		<u>4,558,189</u>	<u>1,177,696</u>	<u>5,735,885</u>	<u>5,947,944</u>
Current assets					
Debtors	17	-	4,589,353	4,589,353	7,379,662
Cash at bank and in hand	18	311,543	1,176,579	1,488,122	333,390
		<u>311,543</u>	<u>5,765,932</u>	<u>6,077,475</u>	<u>7,713,052</u>
Liabilities					
Creditors: Amounts falling due within one year	19	-	(4,108,695)	(4,108,695)	(6,486,663)
		<u>311,543</u>	<u>1,657,237</u>	<u>1,968,780</u>	<u>1,226,389</u>
Net current assets					
		<u>311,543</u>	<u>1,657,237</u>	<u>1,968,780</u>	<u>1,226,389</u>
Total assets less current liabilities		<u>4,869,732</u>	<u>2,834,933</u>	<u>7,704,665</u>	<u>7,174,333</u>
Creditors: Amounts falling due after more than one year	20	-	(1,712,589)	(1,712,589)	(1,808,871)
		<u>4,869,732</u>	<u>1,122,344</u>	<u>5,992,076</u>	<u>5,365,462</u>
Total net assets		<u>4,869,732</u>	<u>1,122,344</u>	<u>5,992,076</u>	<u>5,365,462</u>
The funds of the company:					
Restricted income funds	23	4,869,732	-	4,869,732	4,899,128
Designated funds	24	-	658,344	658,344	58,742
Unrestricted income funds	24	-	464,000	464,000	407,592
		<u>4,869,732</u>	<u>1,122,344</u>	<u>5,992,076</u>	<u>5,365,462</u>

The financial statements were authorised for issue by the Board of Directors on 20 September 2018 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 2018

		Total funds	Prior Year funds
	Notes	2018 £	2017 £
Cash flows from operating activities:			
<i>Net cash provided by operating activities</i>	25	1,342,334	1,659,983
		<hr/>	<hr/>
Cash flows from investing activities:			
Interest received		1,212	4,385
Purchase of tangible fixed assets		(93,011)	(4,351,646)
Proceeds from sale of fixed assets		-	-
		<hr/>	<hr/>
<i>Net cash used in investing activities</i>		(91,799)	(4,347,261)
		<hr/>	<hr/>
Cash flows from financing activities:			
Cash inflows from new borrowing		-	-
Repayments of borrowing		(95,803)	(95,326)
		<hr/>	<hr/>
<i>Net cash (used in) / provided by financing activities</i>		(95,803)	(95,326)
		<hr/>	<hr/>
<i>Change in cash in the reporting period</i>		1,154,732	(2,782,604)
		<hr/>	<hr/>
Cash at the beginning of the reporting period		333,390	3,115,994
		<hr/>	<hr/>
<i>Cash at the end of the reporting period</i>		1,488,122	333,390
		<hr/>	<hr/>
Components of cash and cash equivalents:			
Cash at bank and in hand	18	1,488,122	333,390
		<hr/>	<hr/>

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 2018

		Total funds	Prior Year funds
	Notes	2018 £	2017 £
Cash flows from operating activities:			
<i>Net cash provided by operating activities</i>	25	1,342,334	1,659,983
Cash flows from investing activities:			
Interest received		1,212	4,385
Purchase of tangible fixed assets		(93,011)	(4,351,646)
Proceeds from disposal of fixed assets		-	-
Purchase of investment in subsidiary		-	-
<i>Net cash used in investing activities</i>		(91,799)	(4,347,261)
Cash flows from financing activities:			
Cash inflows from new borrowing		-	-
Repayments of borrowing		(95,803)	(95,326)
<i>Net cash (used in) / provided by financing activities</i>		(95,803)	(95,326)
Change in cash in the reporting period		1,154,732	(2,782,604)
Cash at the beginning of the reporting period		333,390	3,115,994
<i>Cash at the end of the reporting period</i>		1,488,122	333,390
Components of cash and cash equivalents:			
Cash at bank and in hand	18	1,488,122	333,390

The accompanying notes form part of these financial statements

NATIONAL THEATRE OF SCOTLAND

Notes to the Financial Statements

For the year ended 31 March 2018

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. They comprise the financial statements of National Theatre of Scotland, and its subsidiary National Theatre of Scotland Productions Limited.

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.

National Theatre of Scotland is a charitable company limited by guarantee incorporated in the United Kingdom and registered in Scotland. It is recognised as a charity for tax purposes by HMRC and is registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC033377. In the event of the winding up of the charitable company a member is liable to contribute a sum not exceeding £1. Details of the registered office and company registration number can be found on page 19 of these financial statements.

2. Principal accounting policies

Basis of preparation - Charitable company/group

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

National Theatre of Scotland meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The principal accounting policies applied in the preparation of these financial statements are noted below. These policies have been applied consistently to all the years presented in dealing with items which are considered material in relation to the charitable company's financial statements unless otherwise stated.

NATIONAL THEATRE OF SCOTLAND
Notes to the Financial Statements - continued
For the year ended 31 March 2018

2. Principal accounting policies - continued

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 2018.

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.

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 2018

2. Principal 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 2018

2. Principal 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 future purposes or commitments. 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 2018

3. 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 2018

4. Comparative statement of financial activities

Group

For the year ended 31 March 2017

	Restricted Funds £	Designated and Unrestricted Funds £	Year ended 31 March 2017 Total Funds £
Income from:			
Donations and legacies	1,127,206	4,263,235	5,390,441
Income from charitable activities	-	2,961,675	2,961,675
Other trading activities	90,043	23,481	113,524
Income from investments	-	4,385	4,385
	<u>1,217,249</u>	<u>7,252,776</u>	<u>8,470,025</u>
Total income	<u>1,217,249</u>	<u>7,252,776</u>	<u>8,470,025</u>
Expenditure on:			
Raising funds	-	189,749	189,749
	<u>-</u>	<u>189,749</u>	<u>189,749</u>
Charitable activities:			
Core costs	399,145	2,322,582	2,721,727
Programme and project development	757,708	4,813,743	5,571,451
Marketing and development	-	375,550	375,550
	<u>1,156,853</u>	<u>7,511,875</u>	<u>8,668,728</u>
Total expenditure	<u>1,156,853</u>	<u>7,701,624</u>	<u>8,858,477</u>
Net income / (expenditure) before theatre tax credits	60,396	(448,848)	(388,452)
Theatre tax credit	-	467,193	467,193
	<u>-</u>	<u>467,193</u>	<u>467,193</u>
Net movement in funds	<u>60,396</u>	<u>18,345</u>	<u>78,741</u>

NATIONAL THEATRE OF SCOTLAND

Notes to the Financial Statements – continued

For the year ended 31 March 2018

4. Comparative statement of financial activities- continued

Company

For the year ended 31 March 2017

	Restricted Funds £	Designated and Unrestricted Funds £	Year ended 31 March 2017 Total Funds £
Income from:			
Donations and legacies	1,127,206	4,263,235	5,390,441
Income from charitable activities	-	5,874,400	5,874,400
Other trading activities	90,043	23,481	113,524
Income from investments	-	4,385	4,385
Total income	1,217,249	10,165,501	11,382,750
Expenditure on:			
Raising funds	-	189,749	189,749
Charitable activities:			
Core costs	399,145	2,322,582	2,721,727
Programme and project development	757,708	7,291,872	8,049,580
Marketing and development	-	375,550	375,550
	1,156,853	9,990,004	11,146,857
Total expenditure	1,156,853	10,179,753	11,336,606
Net income / (expenditure) before theatre tax credits	60,396	(14,252)	46,144
Theatre tax credit	-	32,597	32,597
Net movement in funds	60,396	18,345	78,741

NATIONAL THEATRE OF SCOTLAND
Notes to the Financial Statements – continued
For the year ended 31 March 2018

5. Income from donations and legacies

Group and Company

	Restricted	Designated & Unrestricted	Total 2018	2017
	£	£	£	£
Scottish Government Funding	89,300	4,174,000	4,263,300	4,270,000
Other grants - public bodies and charitable foundations	423,239	12,151	435,390	978,654
Donations	18,806	148,399	167,205	141,787
	<u>531,345</u>	<u>4,334,550</u>	<u>4,865,895</u>	<u>5,390,441</u>

6. Income from charitable activities

Group

	Restricted	Designated & Unrestricted	Total 2018	2017
	£	£	£	£
Production income	-	447,722	447,722	2,941,518
Education & outreach income	-	1,458	1,458	(166)
Other income	2,090	24,805	26,895	20,323
	<u>2,090</u>	<u>473,985</u>	<u>476,075</u>	<u>2,961,675</u>

Company

	Restricted	Designated & Unrestricted	Total 2018	2017
	£	£	£	£
Production income	-	1,404,108	1,404,108	5,854,243
Education & outreach income	-	1,458	1,458	(166)
Other income	2,090	24,805	26,895	20,323
	<u>2,090</u>	<u>1,430,371</u>	<u>1,432,461</u>	<u>5,874,400</u>

NATIONAL THEATRE OF SCOTLAND

Notes to the Financial Statements – continued

For the year ended 31 March 2018

7. Income from other trading activities

Group and Company

	Restricted	Designated & Unrestricted	Total 2018	2017
	£	£	£	£
Sponsorship	35,050	21,001	56,051	113,524
	<u>35,050</u>	<u>21,001</u>	<u>56,051</u>	<u>113,524</u>
	<u><u>35,050</u></u>	<u><u>21,001</u></u>	<u><u>56,051</u></u>	<u><u>113,524</u></u>

8. Expenditure on raising funds

Group and Company

	2018	2017
	£	£
Staff costs	165,403	133,014
Overheads	52,781	56,735
	<u>218,184</u>	<u>189,749</u>
	<u><u>218,184</u></u>	<u><u>189,749</u></u>

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

We currently have a Development team of three; Director of Development, Development Manager and Trust Funding Manager and are planning our recruitment for a Development Administrator role. Our mission is to support the work of the National Theatre of Scotland, a registered charity, through a number of fundraising strands: Individuals, Corporate Support Trust and Statutory Funding & Events. We also receive funding from National Theatre of Scotland America Inc., a 501(c)(3) non-profit organisation which supports our touring activity across the US. Our fundraising policy, approved by our Board in early 2018, complies with the Fundraising Code of Practice.

NATIONAL THEATRE OF SCOTLAND

Notes to the Financial Statements – continued

For the year ended 31 March 2018

9. Expenditure on charitable activities

Group

	Core costs	Programme & Project Development	Marketing	Total 2018	2017
	£	£	£	£	£
Premises costs	94,650	-	-	94,650	107,286
Depreciation	305,070	-	-	305,070	304,495
IT & communication costs	101,849	-	-	101,849	95,877
Other core overheads	445,738	-	-	445,738	418,487
Staff salaries	1,697,069	-	-	1,697,069	1,740,131
Production Programme costs*	-	1,127,817	6,256	1,134,073	4,813,090
Artistic Development	8,465	215,571	1,528	225,564	206,417
Learn	6,787	406,488	8,916	422,191	585,562
External Affairs	7,926	-	345,220	353,147	375,388
Governance costs (note 10)	47,070	-	-	47,070	21,995
	<u>2,714,624</u>	<u>1,749,876</u>	<u>361,920</u>	<u>4,826,420</u>	<u>8,668,728</u>
of which:					
Restricted	338,358	259,523	-	597,881	1,156,853
Designated & Unrestricted	<u>2,376,266</u>	<u>1,490,353</u>	<u>361,920</u>	<u>4,228,539</u>	<u>7,511,875</u>
	<u>2,714,624</u>	<u>1,749,876</u>	<u>361,920</u>	<u>4,826,420</u>	<u>8,668,728</u>

*includes production wages costs of £455,298 (see note 11)

NATIONAL THEATRE OF SCOTLAND

Notes to the Financial Statements – continued

For the year ended 31 March 2018

9. Expenditure on charitable activities - continued

<i>Company</i>	Core costs	Programme & Project Development	Marketing	Total 2018	2017
	£	£	£	£	£
Premises costs	94,650	-	-	94,650	107,286
Depreciation	305,070	-	-	305,070	304,495
IT & communication costs	101,849	-	-	101,849	95,877
Other core overheads	445,738	-	-	445,738	418,487
Staff salaries	1,697,069	-	-	1,697,069	1,740,131
Production Programme costs*	-	1,823,436	6,256	1,829,692	7,291,219
Artistic Development	8,465	215,571	1,528	225,564	206,417
Learn	6,787	406,488	8,916	422,191	585,562
External Affairs	7,926	-	345,220	353,146	375,388
Governance costs (note 10)	47,070	-	-	47,070	21,995
	<u>2,714,624</u>	<u>2,445,495</u>	<u>361,920</u>	<u>5,522,039</u>	<u>11,146,857</u>
of which:					
Restricted	338,358	259,523	-	597,881	1,156,853
Designated & Unrestricted	2,376,266	2,185,972	361,920	4,924,158	9,990,004
	<u>2,714,624</u>	<u>2,445,495</u>	<u>361,920</u>	<u>5,522,039</u>	<u>11,146,857</u>

*includes production wages costs of £455,298 (see note 11)

10. Governance costs

<i>Group and Company</i>	2018	2017
	£	£
Accountancy fees	24,100	10,125
Audit fee	14,900	14,930
Board costs	8,070	3,440
	<u>47,070</u>	<u>28,495</u>

Board costs reflect an increase in board members activity during the year.

NATIONAL THEATRE OF SCOTLAND

Notes to the Financial Statements – continued

For the year ended 31 March 2018

11. Analysis of staff costs

Group and Company

	Core £	Production £	Development £	Total 2018 £	2017 £
Salaries and wages	1,448,136	433,277	138,393	2,019,806	2,838,638
Social security costs	142,796	15,796	14,558	173,150	197,222
Pension costs	106,137	6,225	12,452	124,814	127,573
	<u>1,697,069</u>	<u>455,298</u>	<u>165,403</u>	<u>2,317,770</u>	<u>3,163,433</u>

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

	2018 Full-time	2018 Part-time	2018 Total	2017 Full-time	2017 Part-time	2017 Total
Number of employees:						
Productions - contract staff	78	40	118	155	72	227
Core staff	<u>49</u>	<u>23</u>	<u>72</u>	<u>54</u>	<u>14</u>	<u>68</u>
	<u>127</u>	<u>63</u>	<u>190</u>	<u>209</u>	<u>86</u>	<u>295</u>

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

	2018	2017
£60,000 - £69,999	1	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 (2017: ten). Remuneration for these employees totalled £464,521 during the year (2017: £505,932). Employer pension contributions to the defined contribution scheme in respect of these ten employees totalled £38,543 (2017: £38,446). The movement from prior years reflects changes in key personnel during the year.

National Theatre of Scotland seeks to remunerate all staff fairly within limited financial resources. In setting the rates for senior management and executive team members the company takes industry standards into account including formal and informal benchmarking processes.

NATIONAL THEATRE OF SCOTLAND

Notes to the Financial Statements – continued

For the year ended 31 March 2018

11. Analysis of staff costs - continued

Directors' Emoluments

By the authority of the Board, the Chief Executive, Jackie Wylie (appointed 27 March 2017) received remuneration of £81,500 (2017: £nil) and a pension contribution of £6,520 (2017:£nil).

By the authority of the Board, the former Chief Executive, Laurie Sansom (resigned 29 June 2016), received remuneration of £nil during the year (2017: £43,784) and a pension contribution of £nil (2017: £1,751).

By the authority of the Board, the former Interim Chief Executive, Lucy Mason (appointed 29 June 2016 and resigned 27 March 2017) received remuneration of £8,490 (2017: £64,099) and a pension contribution of £679 (2017: £5,128)

No other director received any remuneration during the year (2017: nil).

Directors' reimbursement of expenses totalled £5,266 for the year (2017: £827) for five directors (2017: two).

12. Theatre tax credit

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Theatre tax credit	271,985	467,193	11,218	32,597
	<u>271,985</u>	<u>467,193</u>	<u>11,218</u>	<u>32,597</u>

13. Related party transactions

The company has taken advantage of the exemption granted FRS 102 not to disclose transactions with the other group companies. All transactions have been undertaken as arms length transactions.

Group and Company

During the year, six directors and six senior managers made donations totalling £10,867 to the National Theatre of Scotland. In 2017, ten directors and seven senior managers made donations totalling £10,784.

In 2018, Birds of Paradise Theatre Company Ltd, of which Robert Softley Gale is Company Secretary, received £5,000 in payments from National Theatre of Scotland (2017: £Nil) in support of the company's activity in relation to employing disabled artists.

In 2018, Magnetic North Theatre Productions Ltd, of which Lucy Mason is a director, received £2,000 in payments from National Theatre of Scotland (2017: £Nil) specifically in support of attendance of an early career BAME artist at their creative lab "Rough Mix".

In 2018, The Scottish Youth Theatre Ltd, of which Janette Harkess is a director, received £796 in payments from National Theatre of Scotland (2017: £Nil) for use of their facilities.

In 2018, Ros Taylor Company, of which Ros Taylor is the proprietor, received £150 in payment from National Theatre of Scotland (2017: £Nil) for professional services.

NATIONAL THEATRE OF SCOTLAND

Notes to the Financial Statements – continued

For the year ended 31 March 2018

13. Related party transactions - continued

The husband of Caroline Newall (senior manager), Douglas Maxwell, is a playwright. In 2018, he received payments from National Theatre of Scotland totalling £49 for dramaturgy work with new artists (2017: payment of £1,194 for dramaturgy work with new artists).

Gemma Swallow (senior manager) received £900 in payment from National Theatre of Scotland for rental of her flat as accommodation for performers (2017: £Nil).

14. Operating lease commitments

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

	2018	2017
	£	£
Plant and equipment		
Within one year	9,836	5,992
Between one and five years	37,578	11,481
	<hr/>	<hr/>
	47,413	17,473
	<hr/>	<hr/>
	47,413	17,473
	<hr/>	<hr/>
	<hr/>	<hr/>
	2018	2017
	£	£
Operating lease rental expenses		
Land and buildings	-	70,814
Plant and equipment	6,256	7,991
	<hr/>	<hr/>
	6,256	78,805
	<hr/>	<hr/>

NATIONAL THEATRE OF SCOTLAND
Notes to the Financial Statements - continued
For the year ended 31 March 2018

15. 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 2017	29,003	16,544	270,773	717,796	3,372,989	2,619,109	43,979	-	7,070,193
Additions	-	-	37,712	16,885	7,965	10,757	7,192	12,500	93,011
Transfers	-	-	-	-	-	-	-	-	-
Disposals	(28,489)	(2,127)	(23,517)	(93,131)	-	-	-	-	(147,264)
At 31 March 2018	514	14,417	284,968	641,550	3,380,954	2,629,866	51,171	12,500	7,015,940
Depreciation									
At 1 April 2017	29,003	16,544	238,543	629,049	67,460	137,091	4,561	-	1,122,251
Charge in period	-	-	34,065	59,550	67,778	137,677	6,000	-	305,070
Released on disposal	(28,489)	(2,127)	(23,517)	(93,131)	-	-	-	-	(147,264)
At 31 March 2018	514	14,417	249,091	595,468	135,238	274,768	10,561	-	1,280,057
Net book value									
At 31 March 2018	-	-	35,877	46,082	3,245,716	2,355,098	40,610	12,500	5,735,883
At 1 April 2017	-	-	32,230	88,747	3,305,529	2,482,018	39,418	-	5,947,942

NATIONAL THEATRE OF SCOTLAND
Notes to the Financial Statements - continued
For the year ended 31 March 2018

16. Investments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
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 2 December 2014 and did not trade in the period from 2 December 2014 to 31 March 2015. National Theatre of Scotland acquired the entire share capital of the company for nil consideration on 1 April 2015. The registered office is Rockvilla, 125 Craighall Road, Glasgow, G4 9TL.

17. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	133,095	51,343	133,095	51,343
Future production expenditure	238,202	68,588	238,202	68,588
Prepayments	59,997	55,053	59,997	55,053
Other debtors (inc accrued income)	708,111	1,375,425	176,060	450,403
Amounts owed by group undertakings	-	-	3,981,999	6,754,275
VAT receivable	65,380	68,167	-	-
	<u>1,204,785</u>	<u>1,618,576</u>	<u>4,589,353</u>	<u>7,379,662</u>

NATIONAL THEATRE OF SCOTLAND
Notes to the Financial Statements - continued
For the year ended 31 March 2018

18. Cash and cash equivalents

Group and Company

	2018 £	2017 £
Cash at bank and in hand	1,488,122	333,390

19. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade creditors	225,572	132,165	225,572	132,165
Accruals and deferred income	348,802	451,124	348,802	451,124
Amounts owed to group undertakings	-	-	3,302,245	5,644,250
Tax and social security	53,469	46,483	53,469	46,483
Loan - Scottish Government	96,282	95,803	96,282	95,803
VAT payable	-	-	82,325	116,838
	<u>724,125</u>	<u>725,575</u>	<u>4,108,695</u>	<u>6,486,663</u>

Deferred income included above:

<i>Group and Company</i>	2018 £	2017 £
Brought forward	-	345,687
Income deferred in year	17,840	-
Income released in year	-	(345,687)
	<u>17,840</u>	<u>-</u>
Carried forward	<u>17,840</u>	<u>-</u>

NATIONAL THEATRE OF SCOTLAND
Notes to the Financial Statements - continued
For the year ended 31 March 2018

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

Group and Company

	2018 £	2017 £
Loan - Scottish Government	1,712,589	1,808,871
	<u>1,712,589</u>	<u>1,808,871</u>
	2018 £	2017 £
Amounts repayable:		
In one year or less	96,282	95,803
Between one and two years	96,763	96,282
Between two and five years	293,202	291,743
In more than five years	1,322,624	1,420,846
	<u>1,808,871</u>	<u>1,904,674</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 earlier 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.

21. Financial Instruments

Group

	31 March 2018 £	31 March 2017 £
Financial assets		
Financial assets measured at amortised cost	2,329,328	1,760,158
	<u> </u>	<u> </u>
Financial liabilities		
Financial liabilities measured at amortised cost	2,374,685	2,487,963
	<u> </u>	<u> </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 2018

21. Financial Instruments - continued

Company

	31 March 2018 £	31 March 2017 £
Financial assets		
Financial assets measured at amortised cost	5,779,276	7,589,411
	<u> </u>	<u> </u>
Financial liabilities		
Financial liabilities measured at amortised cost	5,676,930	8,132,213
	<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.

22. Analysis of net assets between funds

Group

	Tangible Assets £	Investments £	Net current assets £	Total £
Restricted funds	4,558,189	-	311,543	4,869,732
Designated funds	-	-	658,344	658,344
Unrestricted funds	1,177,694	-	(713,694)	464,000
	<u>5,735,883</u>	<u> </u>	<u>256,193</u>	<u>5,992,076</u>

Company

	Tangible Assets £	Investments £	Net current assets £	Total £
Restricted funds	4,558,189	-	311,543	4,869,732
Designated funds	-	-	658,344	658,344
Unrestricted funds	1,177,694	2	(713,696)	464,000
	<u>5,735,883</u>	<u> </u>	<u>256,191</u>	<u>5,992,076</u>

NATIONAL THEATRE OF SCOTLAND
Notes to the Financial Statements - continued
For the year ended 31 March 2018

23. Restricted funds

Group and Company

	Notes	Brought Forward £	Income £	Expenditure £	Carried Forward £
Property	(a)	4,719,367	43,101	(204,279)	4,558,189
Production Programme	(b)	51,000	334,655	(259,523)	126,132
Development Programme	(c)	61,205	105,340	(55,437)	111,108
Non-programme	(d)	67,556	85,389	(78,642)	74,303
		<u>4,899,128</u>	<u>568,485</u>	<u>(597,881)</u>	<u>4,869,732</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 **Adam** from the Made in Scotland.

Shift, the company's largest participatory project in 2017-18, attracted funding from, amongst others, Creative Scotland, Heritage Lottery Fund, Hugh Fraser Foundation and William Grant Foundation.

Submarine Time Machine, the company's free to the public production received funding from the ScottishPower Foundation and The Saltire Society.

The second part of the First World War trilogy, **306 Day**, received funding from several trusts including The Gannochy Trust, Forteviot Trust, The Thompson Trust, The Cross Trust and The Jimmie Cairncross Charitable Trust.

Other productions receiving funding in 2017-18 include the US tour of **The Strange Undoing of Prudencia Hart** and the Dublin tour of **Let The Right One In** (Scottish Government International Touring Fund), **Gaelic Activity** (Bord na Gaidhlig), **Rocket Post** (The Turtleton Trust) and **Theatre In Schools Scotland** (Scottish Salmon Company and Culture & Business Fund Scotland).

(c) Development Programme

Funding received to expand the company's programme of production and talent development, including support and development of Caribbean artists with **Jump Caribbean** (British Council) and BAME interns (Andrew Lloyd Webber Foundation).

(d) Non-Programme

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

NATIONAL THEATRE OF SCOTLAND
Notes to the Financial Statements - continued
For the year ended 31 March 2018

24. Designated and unrestricted funds

Group and Company

	Notes	Brought Forward £	Income £	Expenditure £	Carried Forward £
New writing and project commissions	(a)	58,742	54,940	(22,588)	91,094
General	(b)	-	567,250	-	567,250
Total Designated Funds		<u>58,742</u>	<u>622,190</u>	<u>(22,588)</u>	<u>658,344</u>
Unrestricted funds		407,592	4,480,543	(4,424,135)	464,000
		<u>466,334</u>	<u>5,102,733</u>	<u>(4,446,723)</u>	<u>1,122,344</u>

(a) New writing and project commissions

To provide for all future stage payments on new writing and project commissions contracted before 31 March 2018.

(b) General

To provide funding for the 2018/19 budget and programme of activities.

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

Group

	2018 £	2017 £
Net income for the reporting period	626,614	78,741
Depreciation	305,070	304,495
Decrease / (Increase) in debtors	413,791	2,509,238
(Decrease) / Increase in creditors	(1,929)	(1,228,106)
Investment income	(1,212)	(4385)
Gain on disposal of fixed assets	-	-
Net cash provided by operating activities	<u>1,342,334</u>	<u>1,659,983</u>

NATIONAL THEATRE OF SCOTLAND
Notes to the Financial Statements - continued
For the year ended 31 March 2018

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

Company

	2018	2017
	£	£
<i>Net income for the reporting period</i>	626,614	78,741
Depreciation	305,070	304,495
Increase/(decrease) in debtors	2,790,309	(541,002)
Increase in creditors	(2,378,447)	1,822,134
Investment income	(1,212)	(4,385)
Gain on disposal of fixed assets	-	-
	<hr/>	<hr/>
<i>Net cash provided by operating activities</i>	1,342,334	1,659,983
	<hr/> <hr/>	<hr/> <hr/>

26. Guarantees

The Company's banking provider, Royal Bank of Scotland, has a floating charge over the assets of National Theatre of Scotland. This was established as security in relation to a £50,000 overdraft facility. The overdraft facility has been cancelled but the charge has been retained to allow flexibility to re-establish the overdraft facility if required.