

TRAVERSE THEATRE (SCOTLAND) LIMITED

Directors' Report and consolidated Financial Statements

Year ended 31 March 2011

Registered company number SC076037



TRAVERSE THEATRE (SCOTLAND) LIMITED

For the year ended 31 March 2011

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TRAVERSE THEATRE (SCOTLAND) LIMITED

Company Information

For the year ended 31 March 2011

Directors

Stephen Cotton (Chair)
Adrienne Chalmers
Lynne Crossan
David Greig
Barbara Allison
Robert Brannan (appointed 16/6/2011 and resigned 17/11/2011)
Stewart Binnie (resigned 31/7/2011)
David MacLennan (resigned 6/11/2010)

Secretary

Adrienne Chalmers

Senior Staff

Dominic Hill – Artistic Director/ Chief Executive
Mike Griffiths – Administrative Director (Secondment)
Linda Crooks – Administrative Director (Acting)

Company Number

SC076037

Registered office

Cambridge Street, Edinburgh, EH1 2ED

Independent Auditors

Scott-Moncrieff
Chartered Accountants and Statutory Auditors
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Bankers

The Royal Bank of Scotland plc
36 St Andrew Square, Edinburgh, EH2 2YB

Solicitors

CCW LLP
40 Charlotte Square, Edinburgh, EH2 4HQ

Registered Charity Number

SC002368

TRAVERSE THEATRE (SCOTLAND) LIMITED

Directors' Report

For the year ended 31 March 2011

The directors present their report and the audited financial statements for the year to 31 March 2011.

Structure, Governance and Management

Governing document

Traverse Theatre (Scotland) Limited is a company limited by guarantee governed by its Memorandum and Articles of Association dated 16 September 1981 and amended to allow for current governance arrangements on 8 May 2000. It has charitable status (charity number SC002368).

Appointment of directors

As set out in the Articles of Association the chair of the directors is nominated by the directors of the company. Each year one third of the directors shall retire from office. The directors who retire shall be those who have been longest in office. A retiring director shall be eligible for re-election without express nomination. Directors must be members of the company.

The directors of the company are also its trustees for the purpose of charity law.

An observer is appointed by the City of Edinburgh Council.

Directors' induction and training

New directors are provided with information to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of the charity. There is an induction meeting with key employees and other directors.

Organisation

The board of directors, which can have up to 30 members, is a non-executive board which supervises and administers the charity and its executive team. The board meets quarterly. There are sub-committees comprising an audit committee (which meets regularly), a nominations committee and a remuneration committee (both of which meet as required). The Artistic Director/Chief Executive is appointed by the directors to manage the day to day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the directors, for operational matters including finance, employment and artistic performance related activity.

Related parties

The charity has a close relationship with Dance Base, an organisation which shares the charity's passion for dance and, through joint collaboration we have established an interesting and varied programme of contemporary dance. Creative Scotland and its predecessor, The Scottish Arts Council provided essential core funding in support of this programme.

The charity's wholly owned subsidiary, Traverse Trading Limited, was established to operate the commercial bar, catering and conferencing facilities at the Traverse Theatre. Traverse Trading Limited has a licence from the charity to operate these facilities and will Gift Aid any available profits to the charity.

TRAVERSE THEATRE (SCOTLAND) LIMITED

Directors' Report (continued)

For the year ended 31 March 2011

Risk management

The directors have a risk management strategy which comprises:

- A regular update of the risks the charity may face.
- Plans to mitigate those risks identified.
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

This work has resulted in better emergency procedures and contingency plans and has given the impetus for better planning. Particular attention has focussed on non financial risks arising from health and safety of artists and audience. A key element in the management of financial risk is the constant monitoring of the trading income and income derived from sponsorship and development, as well as setting and regularly reviewing a reserves policy.

Objectives and activities

The objectives of the charity are to promote, maintain, improve and advance education particularly by the encouragement of the Arts.

As Scotland's New Writing Theatre the Traverse is an important theatre in Scotland. It is a producer of new work and is also a research and development theatre with a mission to encourage and develop new Scottish Plays. In addition, the Traverse is at the centre of developing Scotland's international cultural profile. The Traverse takes plays outside the UK and in doing so develops opportunities for writers and other artists to show their work abroad. The Traverse also offers opportunities for audiences in Scotland to see some of the best new work available from outside Scotland during the Edinburgh Festival and throughout the year.

To fulfil these roles, the Traverse Theatre aims to nurture, develop and produce the best plays by Scottish and International playwrights through a programme of theatre productions, tours, workshops, dramaturgical advice, readings, writers' support, group discussions, education events and three visiting company seasons.

The Traverse provides for:

- A local and national audience seeking stimulating, entertaining and contemporary theatre, both international and from Scotland, at accessible prices in an informal theatre environment.
- Writers seeking to establish and extend their skills as theatre makers in and for Scotland.
- People of all ages wishing to learn about and participate in the creation of theatre through playwriting, in the company of professional practitioners.

The main objectives for the year continued to be the promotion and fostering of new theatre work and the appreciation of the arts by the provision of facilities for the education and entertainment of the public in the fields of drama, dance and visual art.

The strategies employed to achieve the charity's objectives are to:

- Offer opportunities for a broad range of people to participate in arts activity both actively in workshops and passively as audiences for our varied range of performances.
- Provide facilities for amateur and professional artists, in particular writers, to develop.

- Celebrate the diversity of cultures in our society by programming presentations by, and with, artists from different cultural backgrounds.
- Present a broad range of arts work often including dance, music and puppetry.

The major areas of activity are: stage performances; literary development and educational programmes.

TRAVERSE THEATRE (SCOTLAND) LIMITED

Directors' Report (continued)

For the year ended 31 March 2011

Achievements and performance

A broad and varied programme of shows and events underpinned a very successful artistic year for the Traverse Theatre. The year started with Manipulate Festival (Puppetry and Animation) building on the previous year's success. There was then a National Theatre of Scotland residency, Reveal, over 6 weeks with activity including new plays, workshop activity and lunchtime theatre.

The Traverse production for spring 2010 was the critically acclaimed Scottish premiere of Edward Albee's *The Goat*, directed by Dominic Hill.

The Festival 2010 was a major critical and audience success presenting highlights such as Cora Bissett's multi award winning site specific piece *Roadkill* which won the 2011 Critics' Awards for Scotland BEST PRODUCTION and BEST FEMALE PERFORMANCE *Mercy Ojelade*.

Traverse Associate Artist, Zinnie Harris directed Sam Holcroft's new play - *While You Lie*, the company's Edinburgh Festival production which received overwhelming acknowledgement of Sam as a major new writing talent. Sam Holcroft is a graduate of the Traverse's hugely successful Young Writers Group.

A major force of Irish companies, including *Druid's Penelope* directed by Gary Hines, and the *Corn Exchange's Freefall* by Michael West, directed by Annie Ryan picked up a clutch of awards. The Irish companies came to Edinburgh in association with the Irish Theatre Institute and Culture Ireland, consolidating our very strong ongoing partnership. The Festival 2010 programme achieved an impressive 17 awards in total.

Grid Iron and the Traverse co-produced the Autumn show, a version by Douglas Maxwell of Frank Wedekind's *Spring Awakening*, directed by Ben Harrison. The collaboration presented an opportunity for site specific theatre company *Grid Iron* to produce a piece of work within a conventional theatre space to considerable acclaim, and brought new audiences to the Traverse.

The autumn also saw Chris Hannan's brilliant version of the Alexander Dumas stories *The Three Musketeers* and the *Princess of Spain* presented in an ambitious co-production with *Belgrade Theatre*, *Coventry and English Touring Theatre*, directed by Dominic Hill. A cast of 13 actors/musicians and puppeteers were involved in the creation of this joyous romp opening at the *Belgrade theatre*, *Coventry*, and then on tour throughout England concluding it's run at the Traverse as the company's Christmas show. It went on to win the Critic's Award for Scotland BEST ENSEMBLE and BEST NEW PLAY.

The 21st Anniversary of *Class Act*, the Traverse's flagship education project, took place in January 2011. *Class Act* plays a vital role in terms of creating an entry point by encouraging senior school students to write their own plays and giving them the opportunity to work like theatre professionals. The anniversary was celebrated with performances from *Class Act* in Edinburgh and Glasgow, in partnership with the *Tron Theatre*, and culminated in a special Gala Event at the Traverse featuring pieces produced across the 21 years. The project was supported by the *Barcapel Foundation*, the *Moffat Trust* and the *John Thaw Foundation*.

The demand continued for the acclaimed romantic comedy *Midsummer* by David Greig, which generated London West End commercial interest and many ongoing requests for the show to tour internationally. During Autumn/Winter 2010/11 it played the *Tron Theatre Glasgow*, prior to going to the *Kennedy Centre* in Washington DC, *Bath Theatre Royal* and concluding with a run at the *Tricycle Theatre London*. It will tour Australia in February, March, April and May 2012 playing at the *Sydney Drama Theatre /Sydney Opera House*. Discussions continue to take the show to USA and possibly Latin America for 2013.

TRAVERSE THEATRE (SCOTLAND) LIMITED

Directors' Report (continued)

For the year ended 31 March 2011

In terms of visiting companies, 2010/11 saw a continued positive trend in audiences, not only during the Festival but across the year. The Autumn Dance Festival and Manipulate Puppet and Animation Festival have gone from strength to strength in attracting new audiences. The Play, A Pie and A Pint programme of lunchtime theatre in conjunction with Oran Mor (and with new collaborators on the project - Paines Plough) contributed greatly adding a strong dimension to the Traverse daytime programme.

Financial Review

The Theatre continued to steadily improve its trading position on previous years and, although the Theatre accounts for the year show a deficit of £79,125, last year's surplus included a £90,000 stabilisation grant, which related to expenditure in the current year. This results in a surplus carried forward of £19,742. The Trading Company end of year management accounts showed a break even position. Following adjustments including one for interest on the intercompany loan of £6,590, this has resulted in a deficit of £7,610 for the year. The results for the group show an overall accumulated deficit for the year of £86,735.

The improvements are as a result of the ongoing review of financial procedures, the close monitoring of income and expenditure in both companies, the freezing of staff recruitment and the outcome of the rationalisation process which led to some redundancies. The Directors anticipate the improvements to the Trading Company's fortunes will continue and will achieve a small surplus in the financial year 2012/13.

The Theatre continues to benefit from Foundation Funding from Creative Scotland at the same level as 2010-2011 (£974,650) and has guaranteed minimum funding at this level until 2013. The company also benefits from the ongoing support of City of Edinburgh Council in revenue funding and support costs.

The Creative Scotland Resilience award is ongoing and the Royal Lyceum Theatre Company and the Traverse continued to research joint working opportunities across the two organisations and across the wider Edinburgh arts community, and have generated several opportunities and areas of potential efficiencies by strategic partnership working. It is anticipated a full report will be produced in January 2012.

Investment powers and policy

Under the Memorandum and Articles of Association, the charity has the power to make any investment which the directors see fit.

Reserves policy

After a number of challenging years, the directors have established the level of reserves (that is those funds that are freely available) that the charity ought to have. Reserves are needed to bridge the funding gaps between spending on productions and events and receiving resources through admission charges and grants that provide funding. Reserves are also held to cover possible emergency repairs to the theatre and other expenditure. With the Cultural Quarter now a reality and the Usher Hall refurbishment works complete, the directors consider the ideal level of reserves to be £60,000 and we expect to have these reserves by March 2015.

TRAVERSE THEATRE (SCOTLAND) LIMITED

Directors' Report (continued)

For the year ended 31 March 2011

Plans for future periods

Future business planning

During 2010/2011 the Traverse jointly commissioned (with the Royal Lyceum Theatre Company) a project supported by the Scottish Arts Council's Resilience fund. The project is to research areas for potential collaboration, principally with the Royal Lyceum Theatre Company but also by way of seeking to identify partnerships locally and nationally, which will save costs, increase efficiencies and offer opportunities to add value and enhance productivity in future years.

Mindful of the likelihood of radical cuts to public funding, we will develop a robust business plan to cover the years through to 2015 together with a risk mitigation strategy. We will seek to develop new income streams and to influence the culture of the organisation to be as commercially aware as possible through leadership, training and performance management.

We are in the process of developing a robust income generation strategy as part of the business planning process, a key focus of which will be Trav50, a celebration of the 50th Anniversary of the founding of the Traverse Theatre.

Future artistic programme

During 2011/12 the Traverse will produce *Pandas* by Rona Munro for Spring 2011 and Mark Ravenhill/Conor Mitchell's *10 Plagues*, directed by Stewart Laing and featuring Marc Almond. The Traverse will co-produce Lynda Radley's new play *Futureproof*, a co-production with Dundee Rep. Dominic Hill resigned as Artistic Director and Chief Executive in September 2011. On behalf of the Traverse, we wish to record our profound thanks to Dominic for his many achievements while with us. The Artistic Director designate is Orla O'Loughlin, previously of Pentabus Theatre Company in England. She has commenced planning her detailed artistic programme which will be revealed during 2012.

We will continue to produce, in association with Dancebase, an Autumn Festival, which was historically awarded funds from Scottish Arts Council, to develop new audiences for dance. The Christmas show 2011 is a Jo Clifford play, *Tree of Knowledge*, directed by Ben Harrison.

The company will take *Midsummer* by David Grieg to Australia in Spring 2012, previewing in Edinburgh. In the early part of 2012, we will continue with our Manipulate Festival of puppetry and animation.

We will continue to be as accessible as possible and to engage artistic associates to influence the programming culture of the organisation. We will develop our artistic collaborations to develop the Traverse's position as a creator of artistic opportunity through being a leading hub of creativity and by maximizing use of our buildings for both emergent and established artistic individuals and groups. We will seek to explore how to maximise artistic opportunity within the theatre building by commissioning professional advisors such as theatre architects to look at improved income generation opportunities such as increased seating capacity.

TRAVERSE THEATRE (SCOTLAND) LIMITED

Directors' Report (continued)

For the year ended 31 March 2011

Statement of Directors' Responsibilities

The directors 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 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 charity and of the surplus or deficit of the charity for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

- so far as the directors are aware, there is no relevant audit information (information needed by the charity's auditors in connection with preparing their report) of which the charity's auditors are unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

A resolution will be proposed at the Annual General Meeting that Scott-Moncrieff, Chartered Accountants, be re-appointed as auditors to the charity for the ensuing year.

TRAVERSE THEATRE (SCOTLAND) LIMITED

Directors' Report (continued)

For the year ended 31 March 2011

Acknowledgements

The Traverse continues to be indebted to all its supporters for whom we hope we t remain a unique and vital theatrical experience.

Particular thanks are due to Creative Scotland and the City of Edinburgh Council for their continued financial support. Our thanks also to all of our commercial sponsors and private contributors on whose financial support we are becoming increasingly reliant to ensure that the work of the Traverse can continue to flourish. We also acknowledge the welcome support of many trusts and foundations.

As always, without the dedicated contribution of all the staff, management, board, actors, writers, directors and all the other creative elements which go into the Traverse, none of this would be possible.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

It was approved by the Board on 6 DECEMBER 2011 and signed on its behalf by:



Adrienne Chalmers
Company Secretary

TRAVERSE THEATRE (SCOTLAND) LIMITED

Independent Auditors' Report to the Members and Directors

For the year ended 31 March 2011

We have audited the financial statements of Traverse Theatre (Scotland) Limited for the year ended 31 March 2011 which comprise the Consolidated and parent company Statement of Financial Activities, Consolidated and parent company Balance Sheets and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made exclusively to the members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charitable company's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members and directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors (who are also the 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.

We have been appointed as auditor under section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2011 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent 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 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).

TRAVERSE THEATRE (SCOTLAND) LIMITED

Independent Auditors' Report to the Members and Directors - continued

For the year ended 31 March 2011

Emphasis of matter - going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in note 19 to the financial statements concerning the group and the parent company's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the group and the parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the parent company were unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Alan Donaldson

Alan Donaldson, Senior Statutory Auditor
For and on behalf of Scott-Moncrieff, Statutory Auditor
Chartered Accountants
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

6 December 2011

TRAVERSE THEATRE (SCOTLAND) LIMITED

**Consolidated Statement of Financial Activities
and Income & Expenditure Account**

For the year ended 31 March 2011

	Notes	Unrestricted Funds £	Restricted Income £	Funds Capital £	2011 Total Funds £	2010 Total Funds £
Incoming resources						
Incoming resources from generated funds:						
- Voluntary income	2	1,031,628	114,540	8,600	1,154,768	1,322,433
- Investment income		63	-	-	63	47
Activities for generating funds	10	403,687	-	-	403,687	459,213
Incoming resources from charitable activities:						
- Production income		975,416	-	-	975,416	918,091
- Hire income		24,754	-	-	24,754	40,173
Other incoming resources		4,457	-	-	4,457	3,418
Total incoming resources		<u>2,440,005</u>	<u>114,540</u>	<u>8,600</u>	<u>2,563,145</u>	<u>2,743,375</u>
Resources expended						
Costs of generating funds:						
Cost of generating voluntary income	5	3,023	-	-	3,023	4,110
Fundraising trading: cost of goods sold and other costs	10	407,173	-	-	407,173	460,981
Charitable activities	4	1,964,474	151,340	116,792	2,232,606	2,120,846
Governance costs		11,160	-	-	11,160	9,585
Total resources expended		<u>2,385,830</u>	<u>151,340</u>	<u>116,832</u>	<u>2,653,962</u>	<u>2,595,522</u>
Net incoming/(outgoing) resources before other recognised gains/losses		54,175	(36,800)	(108,192)	(90,817)	147,853
Other recognised gains/losses						
Unrealised gain on investment assets		4,082	-	-	4,082	-
Net movement of funds in year	6	58,257	(36,800)	(108,192)	(86,735)	147,853
Total funds brought forward		(172,207)	52,700	108,192	(11,315)	(159,168)
Total funds carried forward	15	<u>(113,950)</u>	<u>15,900</u>	<u>-</u>	<u>(98,050)</u>	<u>(11,315)</u>

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

The notes on pages 13 to 26 form an integral part of these financial statements.

TRAVERSE THEATRE (SCOTLAND) LIMITED

**Company Statement of Financial Activities
and Income & Expenditure Account**

For the year ended 31 March 2011

	Notes	Unrestricted Funds £	Restricted Income £	Funds Capital £	2011 Total Funds £	2010 Total Funds £
Incoming resources						
Incoming resources from generated funds:						
- Voluntary income	2	1,031,628	114,540	8,600	1,154,768	1,322,433
- Investment income		6,644	-	-	6,644	41
Incoming resources from charitable activities:						
- Production income		975,416	-	-	975,416	918,091
- Hire income		24,754	-	-	24,754	40,173
Total incoming resources		2,038,442	114,540	8,600	2,161,582	2,280,738
Resources expended						
Costs of generating funds:						
Cost of generating voluntary income	5	3,023	-	-	3,023	4,110
Charitable activities	4	1,964,434	151,340	116,832	2,232,606	2,120,846
Governance costs		9,160	-	-	9,160	7,585
Total resources expended		1,976,617	151,340	116,832	2,244,789	2,132,541
Net incoming/(outgoing) resources before other recognised gains/losses		61,825	(36,800)	(108,232)	(83,207)	148,197
Other recognised gains/losses						
Unrealised gain on investment assets		4,082	-	-	4,082	-
Net movement of funds in year	6	65,907	(36,800)	(108,232)	(79,125)	148,197
Total funds brought forward		(62,065)	52,700	108,232	98,867	(49,330)
Total funds carried forward		3,842	15,900	-	19,742	98,867

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

The notes on pages 13 to 26 form an integral part of these financial statements.

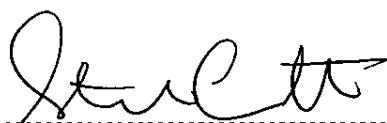
TRAVERSE THEATRE (SCOTLAND) LIMITED

Balance Sheet

As at 31 March 2011

	Notes	Group		Charity	
		2011 £	2010 £	2011 £	2010 £
Fixed assets					
Tangible assets	9	152,974	178,325	135,368	156,348
Investments	10	4,423	341	4,427	345
		<u>157,397</u>	<u>178,666</u>	<u>139,795</u>	<u>156,693</u>
Current assets					
Stock		10,224	11,826	-	-
Debtors	11	80,105	169,258	212,430	288,279
Cash at bank and on hand		30,315	21,417	2,126	851
		<u>120,644</u>	<u>202,501</u>	<u>214,556</u>	<u>289,130</u>
Creditors: amounts falling due within one year	12	<u>(368,595)</u>	<u>(380,529)</u>	<u>(334,609)</u>	<u>(346,956)</u>
Net current (liabilities)		<u>(247,951)</u>	<u>(178,028)</u>	<u>(120,053)</u>	<u>(57,826)</u>
Total assets less current liabilities		<u>(90,554)</u>	<u>638</u>	<u>19,742</u>	<u>98,867</u>
Creditors: amounts falling due after more than one year	13	<u>(7,496)</u>	<u>(11,953)</u>	<u>-</u>	<u>-</u>
Net assets/(liabilities)		<u>(98,050)</u>	<u>(11,315)</u>	<u>19,742</u>	<u>98,867</u>
Funds					
Restricted funds	14	15,900	160,892	15,900	160,932
Unrestricted funds	15	<u>(113,950)</u>	<u>(172,207)</u>	<u>3,842</u>	<u>(62,065)</u>
		<u>(98,050)</u>	<u>(11,315)</u>	<u>19,742</u>	<u>98,867</u>

The financial statements, which have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 applicable to small companies and were approved and authorised for issue by the directors on ~~6 DECEMBER~~ 2011 and signed on their behalf by:



Stephen Cotton
Chair



Adrienne Chalmers
Director

Registered company number: SC076037

The notes on pages 13 to 26 form part of these financial statements.

TRAVERSE THEATRE (SCOTLAND) LIMITED

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

1. Accounting policies

Basis of preparation

The financial statements are prepared in accordance with applicable UK accounting standards, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005).

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for a period in excess of 12 months from the date of approval of the financial statements (see note 19).

The group has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it qualifies as a small group.

Consolidation

Consolidated financial statements have been prepared in respect of the charitable company and its wholly owned subsidiaries, Traverse Trading Limited and Traverse Productions Limited.

The trading subsidiary's results, as shown in note 10, have been consolidated gross in the Statement of Financial Activities in order to comply fully with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005).

Incoming resources

Voluntary income comprises all incoming resources from grants that provide core funding or are of a general nature, donations, legacies and sponsorships. Grants which do not have particular service requirements are included within this category of incoming resources. Income is recognised at such time as there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Investment income mainly consists of interest receivable on cash balances held in interest bearing deposits.

Income from charitable activities comprises income received under contract or where entitlement to grant funding is subject to particular service requirements. Such income is recognised as earned (as the related services are provided). Income in this category principally relates to box office income in relation to theatrical productions. Income is deferred where it is received in advance of events or services to which they relate.

Sponsorship in kind and donated services and facilities

Where services are provided to the charity as a donation or sponsorship in kind that would normally be purchased from our suppliers, this contribution is included in the financial statements at an estimate based on the value of the contribution to the charity.

TRAVERSE THEATRE (SCOTLAND) LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2011

1. Accounting policies (continued)

Resources expended

Resources expended are included in the Statement of Financial Activities (SOFA) on an accruals basis and are recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to one of the functional categories of resources expended in the SOFA.

Cost of generating funds comprises the costs associated with attracting investment income.

Fundraising trading comprises the costs associated with trading and providing non-charitable services.

Charitable activities expenditure comprises those costs incurred by the group in the delivery of its activities and services.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the group and include costs linked to the strategic management of the group.

Funds structure

The charity has various types of funds which require to be separately disclosed as follows:

Unrestricted funds are funds which are expendable at the discretion of the Board in furtherance of the objects of the charity.

Designated funds are unrestricted funds earmarked by the directors to be used for a particular purpose in the future.

Restricted funds are funds to account for situations where a donor requires that a donation can only be spent on a particular purpose or where funds have been raised for a specific purpose. Related expenditure is identified to the fund, together with a fair reflection of support costs.

Restricted funds are further sub-divided into **Capital restricted funds** and **Income restricted funds**. The former represents restricted funds provided for capital projects, with the latter category representing all other restricted funds of the charity.

Investments

Investments are included at market value. Gains and losses on disposal or revaluation are charged or credited to the SOFA.

Tangible fixed assets and depreciation

Individual fixed assets costing £500 or more are capitalised at cost. Tangible fixed assets are stated at cost, less depreciation.

Depreciation is provided on fixed assets in equal monthly instalments, commencing with a full month's charge in the month of acquisition, to write off the cost over the expected useful lives on the following bases:

Bar refit	20% reducing balance basis
Refurbishment of Traverse 1 and 2	20% reducing balance basis
Motor Vehicles	20% reducing balance basis
Equipment	20% reducing balance basis

TRAVERSE THEATRE (SCOTLAND) LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2011

1. Accounting policies (continued)

Grants for the purchase of fixed assets

Grants received by the charity which are specifically for the purchase of fixed assets are recognised as incoming resources in the Statement of Financial Activities when receivable. The relevant fund in which the net book value of assets so acquired is reflected is then reduced over the economic life of the asset in line with its depreciation.

Stocks

All expenditure relating to productions are included wholly as outgoing resources in the year to which they relate. Stationery and other office expenditure is also included wholly as outgoing resources in the year of acquisition. Stocks at the year end are stated at the lower of cost and net realisable value.

Hire purchase contracts and finance lease agreements

Assets obtained under hire purchase contracts and finance lease agreements are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period or a reasonable approximation thereto.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Income and Expenditure Account as incurred.

Pension costs

The company operates two defined contribution pension schemes and the pension charge represents the amount payable by the company to the fund in the year.

Deferred income

Deferred income comprises production income relating to future events, together with the element of grant funding which the donor has either specified must be spent in a future period or where the donor has imposed conditions in relation to the grant which have not been attained as at the balance sheet date.

TRAVERSE THEATRE (SCOTLAND) LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2011

2. Voluntary income

	Restricted £	Unrestricted £	2011 Total £	2010 Total £
Grants (note 3)	122,640	1,021,485	1,144,125	1,315,043
Donations	500	563	1,063	500
Sponsorship	-	9,580	9,580	6,890
	<u>123,140</u>	<u>1,031,628</u>	<u>1,154,768</u>	<u>1,322,433</u>

3. Grants

	Restricted £	Unrestricted £	2011 Total £	2010 Total £
SAC – Revenue grant	-	974,650	974,650	974,650
SAC – Other	31,515	-	31,515	1,940
CEC – Revenue grant	-	46,835	46,835	58,036
CEC – Rental grant	33,644	-	33,644	25,000
CEC – Capital grant	8,600	-	8,600	72,967
Cairn Energy – Class Act	15,000	-	15,000	15,000
France project	-	-	-	5,000
Other – Class Act	31,631	-	31,631	5,150
Craignish Trust – Primary Playwrights	2,000	-	2,000	-
Biggart Baillie – Primary Playwrights	250	-	250	-
SAC – Resilience	-	-	-	2,000
SAC – Midsummer festival	-	-	-	20,000
SAC – Stabilisation	-	-	-	90,000
SAC – IETM networking project	-	-	-	5,300
SAC – Artist in residence	-	-	-	40,000
	<u>122,640</u>	<u>1,021,485</u>	<u>1,144,125</u>	<u>1,315,043</u>

TRAVERSE THEATRE (SCOTLAND) LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2011

4. Direct charitable expenditure

	2011	2010
	£	£
Production direct costs and overheads	1,407,156	1,402,322
Literary costs/learning and participation	143,203	137,682
Marketing	188,063	182,273
Support costs	494,184	398,569
	<u>2,232,606</u>	<u>2,120,846</u>

5. Cost of generating voluntary income

	2011	2010
	£	£
Sponsorship costs:		
Salary and other costs	3,023	4,110
	<u>3,023</u>	<u>4,110</u>

6. Net movement of funds in year

This is stated after charging:

	Group		Charity	
	2011	2010	2011	2010
	£	£	£	£
Depreciation				
- owned tangible fixed assets	38,213	46,095	33,842	39,092
Auditors' remuneration	11,160	9,585	9,160	7,585
Loss on disposal of tangible fixed assets	-	10,068	-	9,616
	<u>49,373</u>	<u>65,748</u>	<u>42,002</u>	<u>56,293</u>

TRAVERSE THEATRE (SCOTLAND) LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2011

7. Staff costs and numbers

	Group		Charity	
	2011 £	2010 £	2011 £	2010 £
Wages and salaries	970,458	1,037,273	861,551	853,658
Social security costs	89,710	90,187	82,440	77,560
Pension costs	6,559	5,125	5,852	4,046
	<u>1,066,727</u>	<u>1,132,585</u>	<u>949,843</u>	<u>935,264</u>

No employee earned more than £60,000 during the year (2010: £60,000).

No directors received remuneration in the year (2010: none).

The average number of staff employed by the group during the year, analysed by function, was as follows (full time equivalent)

	2011 No.	2010 No.
Production (including box office and front of house)	24	24
Literary	2	2
Marketing and communications	4	4
Learning and participation	1	1
Administrative	7	7
	<u>38</u>	<u>38</u>

8. Taxation

The company is a registered charity and is relieved from Corporation Tax under Section 505 of the Income and Corporation Taxes Act 1988. The charity's subsidiaries, Traverse Trading Limited and Traverse Productions Limited, have no corporation tax liability (2010: £nil) as any available profits are transferred by Gift Aid to Traverse Theatre (Scotland) Limited.

TRAVERSE THEATRE (SCOTLAND) LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2011

9. Tangible fixed assets

Group	Motor Vehicles	Equipment	Bar Refit	Refurbish Traverse 1 and 2	Total
	£	£	£	£	£
Cost					
At 1 April 2010	16,200	240,152	61,865	177,948	496,165
Additions	-	9,640	-	3,222	12,862
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2011	16,200	249,792	61,865	181,170	509,027
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 April 2010	12,326	158,004	54,983	92,527	317,840
Charge for year	968	19,014	502	17,729	38,213
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2011	13,294	177,018	55,485	110,256	356,053
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 March 2011	2,906	72,774	6,380	70,914	152,974
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2010	3,874	82,148	6,882	85,421	178,325
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

TRAVERSE THEATRE (SCOTLAND) LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2011

9. Tangible fixed assets (continued)

Charity	Equipment	Bar Refit	Refurbish Traverse 1 and 2	Total
	£	£	£	£
Cost				
At 1 April 2010	192,038	29,024	177,948	399,010
Additions	9,640	-	3,222	12,862
At 31 March 2011	<u>201,678</u>	<u>29,024</u>	<u>181,170</u>	<u>411,872</u>
Depreciation				
At 1 April 2010	123,001	27,134	92,527	242,662
Charge for year	15,735	378	17,729	33,842
At 31 March 2011	<u>138,736</u>	<u>27,512</u>	<u>110,256</u>	<u>276,504</u>
Net book value				
At 31 March 2011	<u>62,942</u>	<u>1,512</u>	<u>70,914</u>	<u>135,368</u>
At 31 March 2010	<u>69,037</u>	<u>1,890</u>	<u>85,421</u>	<u>156,348</u>

TRAVERSE THEATRE (SCOTLAND) LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2011

10. Investments

	Group		Charity	
	2011 £	2010 £	2011 £	2010 £
Traverse Trading Limited	-	-	2	2
Traverse Productions Limited	-	-	2	2
Smiths Group plc	4,423	341	4,423	341
	<u>4,423</u>	<u>341</u>	<u>4,427</u>	<u>345</u>

The company's shareholding in Smiths Group plc represents a listed investment, the market value of which was £4,423 at 31 March 2011 (2010: £3,874). Listed investments are stated in the financial statements at market value (2010: at cost).

Net income from trading activity of subsidiary

The charity holds 100% of the issued ordinary share capital of Traverse Trading Limited, a company incorporated in Scotland. Traverse Trading Limited manages and operates the theatre bar.

Net liabilities of the Traverse Trading Limited at 31 March 2011 totalled £116,022 (2010: liabilities of £108,412) which comprised fixed assets of £17,606 (2010: £21,977), current assets of £49,701 (2010: £39,118), and liabilities of £183,329 (2010: £169,507). Relevant financial information regarding Traverse Trading Limited for the year ended 31 March 2011 is as follows:

	2011 £	2010 £
Turnover	403,687	459,213
Cost of sales	(164,546)	(177,275)
Gross profit	239,141	281,938
Administrative expenses	(244,627)	(285,706)
Other operating income	4,457	3,418
Operating (loss)	(1,029)	(350)
Interest receivable and similar income	9	6
Interest payable and similar charges	(6,590)	-
(Loss) on ordinary activities before taxation	(7,610)	(344)
Tax on (loss) on ordinary activities	-	-
Retained (loss) for year	<u>(7,610)</u>	<u>(344)</u>

Included in administrative expenses is an amount of £54,296 (2010: £46,287) recharged by Traverse Theatre (Scotland) Limited in respect of building and other costs.

TRAVERSE THEATRE (SCOTLAND) LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2011

10. Investments (continued)

The charity holds 100% of the issued share capital of Traverse Productions Limited, a company incorporated in Scotland. The company was dormant throughout the period.

11. Debtors

	Group		Charity	
	2011 £	2010 £	2011 £	2010 £
Funding and box office revenues	16,976	28,769	12,550	25,933
Prepayments and accrued income	59,907	138,418	59,106	137,473
VAT	105	2,071	-	1,966
Other debtors	3,117	-	-	-
Due by subsidiary undertaking	-	-	140,774	122,907
	<u>80,105</u>	<u>169,258</u>	<u>212,430</u>	<u>288,279</u>

Included within amounts due by subsidiary undertaking is a loan amount of £82,701. A formal loan agreement is in place for the repayment to the parent company of this amount to be repaid by 31 March 2015. Interest is charged at 4% over the prevailing Royal Bank of Scotland plc base rate.

TRAVERSE THEATRE (SCOTLAND) LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2011

12. Creditors: amounts falling due within one year

	Group		Charity	
	2011	2010	2011	2010
	£	£	£	£
Bank overdraft	175,208	135,033	175,208	135,033
Scottish Courage advance discount loan	4,200	4,200	-	-
Other creditors	6,997	3,443	6,997	3,443
Production creditors	38,828	55,052	14,709	31,613
Other taxes and social security costs	18,866	16,456	18,866	16,164
Accruals	87,422	86,138	80,432	79,173
Deferred income (note 12a)	37,074	80,207	37,074	80,207
Due to subsidiary undertakings	-	-	1,323	1,323
	<u>368,595</u>	<u>380,529</u>	<u>334,609</u>	<u>346,956</u>

12a. Deferred income

	Production Income	Grants	2011 Total	2010 Total
	£	£	£	£
At 1 April 2010	30,207	50,000	80,207	4,558
Amount released to incoming resources	(30,207)	(50,000)	(80,207)	(4,558)
Amount deferred in year	37,074	-	37,074	80,207
	<u>37,074</u>	<u>-</u>	<u>37,074</u>	<u>80,207</u>
At 31 March 2011	37,074	-	37,074	80,207

TRAVERSE THEATRE (SCOTLAND) LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2011

13. Creditors: amounts falling due after more than one year

	Group		Charity	
	2011	2010	2011	2010
	£	£	£	£
Scottish Courage advance discount loan	7,496	11,953	-	-
	<u>7,496</u>	<u>11,953</u>	<u>-</u>	<u>-</u>

Of the total loans outstanding at the year end amounting to £11,696 (2010: £19,596) these are repayable as follows:

	Group		Charity	
	2011	2010	2011	2010
	£	£	£	£
Within one year	4,200	7,643	-	3,443
Between one and two years	7,496	7,860	-	-
Between two and five years	-	4,093	-	-
	<u>11,696</u>	<u>19,596</u>	<u>-</u>	<u>3,443</u>

The Scottish Courage advance discount loan can be terminated giving three months notice at which point the loan becomes payable in full.

TRAVERSE THEATRE (SCOTLAND) LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2011

14. Restricted funds – group and charity

	1 April 2010 £	Incoming Resources £	Outgoing Resources £	31 March 2011 £
Capital grant – CEC	60,766	8,600	(60,366)	9,000
Resilience	2,000	-	(2,000)	-
France project	700	-	(700)	-
Sponsorship income	-	500	(500)	-
Capital grants – Lottery	47,426	-	(47,426)	-
Rental Grant	-	33,644	(33,644)	-
Autumn Festival	-	10,000	(9,000)	1,000
While You Lie	-	10,000	(9,000)	1,000
Senior Playwright	-	9,000	(8,100)	900
Other - SAC	-	1,465	(1,465)	-
Avignon Festival	-	1,050	(1,050)	-
Class Act	-	31,631	(31,631)	-
Scribble	10,000	15,000	(25,000)	-
Primary Playwrights	-	2,250	(2,250)	-
Artist in residence	40,000	-	(36,000)	4,000
	<u>160,892</u>	<u>123,140</u>	<u>(268,132)</u>	<u>15,900</u>

15. Total funds - group

	1 April 2010 £	Incoming Resources £	Outgoing Resources £	31 March 2011 £
Restricted funds	160,892	123,140	(268,132)	15,900
Unrestricted funds	(172,207)	2,444,087	(2,385,830)	(113,950)
	<u>(11,315)</u>	<u>2,567,227</u>	<u>(2,653,962)</u>	<u>(98,050)</u>

16. Operating lease commitments

At 31 March 2011 the company had annual commitments under non-cancellable operating leases in respect of the hire of equipment as set out below:

	Group		Charity	
	2011 £	2010 £	2011 £	2010 £
Operating leases which expire:				
Between two and five years	<u>2,032</u>	<u>2,032</u>	<u>832</u>	<u>832</u>

TRAVERSE THEATRE (SCOTLAND) LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2011

17. Related party transactions

During the year payments were made by Traverse Theatre (Scotland) Limited to David Greig, director, for the sum of £3,350 (2010: £9,491) in respect of professional services rendered. Payments totalling £14,573 (2010: £1,810) were made to Chris Haman, director, in respect of professional services rendered.

Amounts paid in respect of legal services received from CCW LLP totalled £1,134 (2010: £105). Stephen Cotton, director, is a partner at CCW LLP.

18. Non-audit services

In common with many other organisations of its size and nature, the group uses its auditors to assist with the preparation of the financial statements, submit returns to the tax authorities and to provide general VAT advice.

19. Going concern

The financial statements have been prepared on a going concern basis which assumes that the company and group will continue in operational existence for a period in excess of 12 months from the date of approval of the financial statements. At the balance sheet date the group's total liabilities exceed its total assets by £98,050 and current liabilities exceed current assets by £247,951.

The Board has revised its budgets and forecasts for the coming year in light of current economic conditions. It has also taken appropriate measures to ensure that the trading subsidiary will return to profitability in future years. The current budgets indicate a profit for the year to 31 March 2012 and actual trading results for the period up to approval of these financial statements support this assumption. The Board is also in the process of finalising its medium term business plan and expects to have this in place for early 2012. As part of this process, Creative Scotland have confirmed foundation funding for the year to 31 March 2013.

The directors therefore consider it appropriate that the financial statements are prepared on a going concern basis.