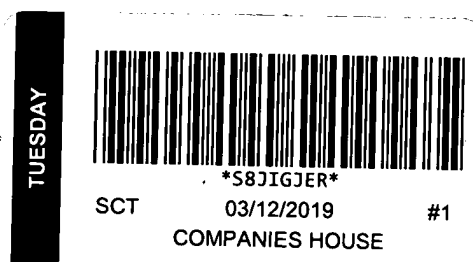


Company Registration No: SC029243
Charity Registration No: SC013055

Pitlochry Festival Theatre
(A company limited by guarantee)

Consolidated financial statements and Trustees' Report
For the year ended 31 March 2019



COMPANIES HOUSE
EDINBURGH

03 DEC 2019

FRONT DESK

Saffery Champness
CHARTERED ACCOUNTANTS

Pitlochry Festival Theatre
(A company limited by guarantee)
Contents

	Page
Report of the Trustees and strategic report	3 - 18
Independent auditor's report to the Members and Trustees	19 - 21
Consolidated statement of financial activities	22
Company statement of financial activities	23
Consolidated balance sheet	24
Company balance sheet	25
Statement of changes in equity	26
Consolidated and Company statement of cash flows	27 - 28
Notes to the financial statements	29 - 54

Pitlochry Festival Theatre
(A company limited by guarantee)
Strategic Report
For the year ended 31 March 2019

The Trustees, who are also Directors for the purposes of the Companies Act, present their report and the financial statements of the Group for the year ended 31 March 2019.

Constitution and legal status

Legal and administrative information set out on page 7 forms part of this report. Pitlochry Festival Theatre ("the Company", "the Theatre", "the Charity" or "the Parent Company") is a Company Limited by Guarantee and not having a share capital; it is governed by and in accordance with its Articles of Association (last updated on 28 October 2013).

The Company is a Registered Charity in Scotland with registration number SC013055.

The financial statements comply with current statutory requirements, the Articles of Association and the Statement of Recommended Practice - "Accounting and Reporting by Charities" (SORP FRS 102).

Pitlochry Festival Theatre is part of a group of companies ("the Group") comprising also:

- i. Pitlochry Theatre Trading Limited;
- ii. Pitlochry Theatre Production Services Limited (dormant in the year).

Structure, governance and management

Pitlochry Festival Theatre is registered in Scotland as a Company Limited by Guarantee without a share capital. It is registered as a charity in Scotland and is recognised by HM Revenue & Customs as a Charity for tax purposes.

The liability of each Trustee in the event of a winding up is limited to £1.

The Directors of the Theatre are its Trustees for the purposes of the Charities and Trustee Investment (Scotland) Act 2005 and throughout this report are collectively referred to as "the Trustees".

Recruitment and appointment of new Trustees

Under the terms of the Articles of Association, Trustees may serve for up to four consecutive terms of office (each of a maximum of three years) and thereafter may serve again after at least one year out of office.

The total number of Trustees shall not be fewer than four or more than fifteen. Up to three of the Trustees shall be Councillors appointed by Perth and Kinross Council although by agreement that has been reduced to two since May 2017. Up to twelve Trustees shall be elected by the Board. The Trustees review the skills and composition of the Board annually. Where new or replacement skills are required, a list of potential candidates is drawn up and initial approaches are made by the Remuneration & Appointments Committee. Interested candidates are required to submit curriculum vitae for scrutiny by the Board, who select the most suitable candidate(s).

Induction and training of Trustees

New Trustees receive a comprehensive induction pack with information about legal responsibilities as well as information about financial and procedural matters and the activities of the Theatre. In addition, they are required to visit the facilities and to attend briefing meetings with the chair and senior staff. Each new Trustee is offered the opportunity to have one of the existing Trustees as their mentor for as long as wished; most new Trustees take up this provision.

Pitlochry Festival Theatre
(A company limited by guarantee)
Strategic Report
For the year ended 31 March 2019

The Trustees who served Pitlochry Festival Theatre during the period from 1 April 2018 to the date of approval of this report were as follows:

Colin Liddell WS (Chair)
Malcolm Brown
Michael Dale
William Douglas
Cllr John Duff (appointed 25 April 2018)
Kathleen Howie
Crawford Gillies (appointed 13 November 2018)
Gary Love
David Mitchell
Gail Pallin
Heather Stuart (Vice-Chair)
Maurice Taylor CBE
Cllr Michael Williamson

Board committees

The Board of Trustees has appointed the following standing committees (including external members) in order to manage the affairs of the Theatre in an appropriate way and with suitable corporate governance:

Finance – Convenor William Douglas
Regular Giving – Convenor Michael Dale
Governance Oversight – Convenor Gary Love
Remuneration and Appointments – Convenor Colin Liddell WS

Objectives, principal activities and organisation of work

The objectives and principal activities of the Group are the promotion of performing arts at Pitlochry Festival Theatre, the provision of catering and retail services and the operation of *Explorers: the Scottish Plant Hunters' Garden*.

The charitable purposes of Pitlochry Festival Theatre are:

1. to promote and encourage the study, practice and knowledge of dramatic art in Scotland and elsewhere including dramatic, literary, musical, educational, scientific, artistic and cultural events and for these purposes to establish, maintain and manage an international Festival Theatre and cultural centre in Pitlochry, Perthshire; and
2. to educate members of the public generally about botanical and horticultural diversity and heritage within the grounds and campus of the Festival Theatre.

The Theatre plays a major role in the provision of drama, culture and horticulture in Scotland as well as making a substantial contribution to the economic well-being of Highland Perthshire and the wider Perthshire area.

The Trustees meet regularly to manage the Group's affairs and to take the main strategic decisions, with day-to-day leadership of the Group's business managed by Kris Bryce, its Chief Executive and Executive Director.

Names and positions of senior staff

Kris Bryce	Executive Director
Elizabeth Newman	Artistic Director (from September 2018)
Joanna Lochhead	Executive Finance Manager
Giles Conisbee	Head of Communications (from July 2019)
Emma Stewart	Head of Customer Experience (from March 2019)
Nick Trueman	Head of Production (from January 2019)
Steve Carlin	Head of Production and Resources (until August 2018)
Gemma Fairlie	Associate Director (until February 2019)
Michael Hodgson	Head of Development (until July 2019)

Pay policy for senior staff

The Company's Trustees and the senior staff comprise the key management personnel of the charity in charge of directing and controlling, running and operating the company on a day-to-day basis. All Trustees give freely of their time and no Trustee received any remuneration in the year for acting as a Trustee. There were Directors' expenses of £338 (2018: £194) (note 9) in the year and details of related party transactions are disclosed below.

The pay of the senior staff is reviewed and set by the Remuneration & Appointments Committee taking into account the financial performance of the Company together with benchmarking to salary levels within the industry and the local environment in which the Theatre operates. The Theatre intends to achieve the Scottish Living Wage in due course, and currently pays at least the minimum wage.

Related parties

The Theatre was under the control of the Trustees throughout the current and previous year.

During the year, the Theatre was provided with legal and company secretarial services by J & H Mitchell WS, a firm of solicitors in which Colin Liddell WS, a Trustee, is a partner. The Theatre has a written remuneration agreement in terms of section 67 of the Charities and Trustees Investment (Scotland) Act 2005 with J & H Mitchell WS and Colin Liddell WS, and the value of the services provided under this agreement during the year amounted to £4,004 (2018: £3,840).

Tangible fixed assets

Details of movements in fixed assets are set out in note 11 to the accounts. The fixed assets of the Group are all held to allow the charitable objectives of the Group to be met.

Reserves policy and going concern

Pitlochry Festival Theatre (PFT) wishes to move to a position where it can hold meaningful cash funds as unrestricted reserves in order to meet its known funding requirements and where possible unforeseen expenditure.

Generally, the Board considers that the target for unrestricted cash reserves should be equivalent to three months' turnover. At present, unrestricted cash reserves are insufficient. Changes to the Theatre's business model and savings throughout the organisation made during the current period and planned for future periods will assist in redressing this insufficiency.

The Board is aware that the current lack of meaningful unrestricted cash reserves provides a challenging environment within which PFT has to operate. The Board and SMT intend therefore to address this issue by ensuring that, where possible, all future budgets include an extra element of surplus which, when earned, will be added to the unrestricted cash reserves in order to meet requirements, costs and losses. In addition, the Board's policy is to allocate all unrestricted legacies to reserves.

At the year-end, the Group maintained unrestricted reserve funds of £631,997 (2018: £881,065) and restricted reserves of £4,076,676 (2018: £4,188,683). Details of these are disclosed in notes 16 to 18 within the financial statements. The Trustees believe that, in the event of a shortfall in funding, the unrestricted cash reserves at the current level are sufficient to allow the Group to continue its charitable activities.

The Trustees consider the Theatre and Group to be a going concern and the financial statements have been prepared on that basis. The future operations of the Theatre and Group are dependent upon the continued financial support from each of Creative Scotland and Perth & Kinross Council, the Theatre Production Tax Relief initiative, the generation of future operating surpluses and sufficient ongoing operating cash flow.

The Theatre meets its day-to-day working capital requirements through available cash resources which include receipts from advance sales. The Board is aware of the continued reliance on advance sales as a source of operating funds.

2018-19 was the first year of Creative Scotland's new 3-year funding cycle and PFT was pleased to continue to be included in the Regular Funding Portfolio. This significant support provides a level of financial security through the 3 years ending in 2020-21.

PFT was further pleased to have received continued grant support from Perth and Kinross Council confirmed for 2019-20.

PFT continues to benefit from the stable levels of income that its programmes of work generate and, against this background, the Board has carefully considered the Group's financial prospects. It has approved financial operating forecasts based on revenue projections derived from historical data and future programme planning whilst remaining cognisant of income and expenditure pressures within the Theatre's operating environment.

In addition to the above, the Board has considered cash flow forecasts and is satisfied that the Theatre and Group will continue to meet debts as they fall due going forward.

The financial statements have therefore been drawn up on a going concern basis.

Investment policy

Under the Articles of Association, the Theatre has the power to make any investment which the Trustees see fit.

Pitlochry Festival Theatre
(A company limited by guarantee)
Strategic Report
For the year ended 31 March 2019

Board of Trustees (at date of approval of these financial statements)	Colin Liddell WS (Chair) Malcolm Brown Michael Dale William Douglas Cllr John Duff Kathleen Howie Crawford Gillies Gary Love David Mitchell Gail Pallin Heather Stuart (Vice-Chair) Maurice Taylor CBE Cllr Michael Williamson
Charity number	SC013055
Company registration number	SC029243
Company secretary	J & H Mitchell WS
Registered office	Pitlochry Festival Theatre Port-Na-Craig Pitlochry Perthshire PH16 5DR
Auditor	Saffery Champness LLP Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9BA
Bankers	Bank of Scotland Plc 76 Atholl Road Pitlochry PH16 5BW HSBC UK Bank Plc 2 Queens Road Aberdeen AB15 4ZT
Solicitors	J & H Mitchell WS 51 Atholl Road Pitlochry PH16 5BU

Trustees' responsibilities statement

The Trustees (who are also the Directors of Pitlochry Festival Theatre for the purpose of Company Law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The Trustees are also responsible for safeguarding the assets of the charitable company and the Group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors, who act as Trustees for charitable law purposes ("the Trustees"), are pleased to present their annual report and financial statements for the company and its subsidiaries for the year ended 31 March 2019 ("the year").

About us:

Founded in 1951, Pitlochry Festival Theatre – *The Theatre in the Hills* – is proud to be the only daily repertoire producer in the UK. We are Scotland's leading producer of musical theatre, a champion of ensemble practice and the country's only rurally-located, major arts organisation. Our home is a glorious eleven-acre campus that encompasses the Scottish Plant Hunters' Garden. More than a place to come and see a show, we offer great theatre and art for all in an inspiring, creative atmosphere.

Our vision, mission and values

It's our vision to bring Pitlochry to the world and the world to Pitlochry.

To achieve this, we have a mission to **create** great performances which excite, engage and challenge; to **inspire** imaginations, adventures and a sense of belonging; and to **nurture** an environment in which we, our audiences and all of our communities can connect and grow together.

In everything we do we behave with respect, empathy and integrity and in every situation we foster creativity, collaboration and inspiration.

PFT's operating model is distinguished by its self-generation of c.85% of its income through Box Office and ancillary sales. As a result, PFT operates at one-third of the average subsidy per seat of Scotland's other building-based producers – PFT's annual investment in its performance and creative teams consistently exceeds the very welcome level of annual revenue support currently received from Creative Scotland (CS) and Perth & Kinross Council (PKC).

Over 2018-19, PFT's Trustees have continued to review the organisational structure as part of its commitment to ongoing assessment and continuous improvement. The Trustees were delighted to welcome Elizabeth Newman into post as Artistic Director in September 2018, joining Kris Bryce, Executive Director, to lead the executive function of the organisation.

During the year, internal recruitment led to long serving members of staff being promoted into senior roles in respect of their learning and development journeys with PFT during their tenure. The Trustees were pleased to welcome these employees into their respective roles of Head of Production and Head of Communications. The Trustees are satisfied that this continued focus on improving the organisation's management capability and business stability prepares the Theatre well for its forthcoming creative and capital development plans.

As a further outcome of assessment and improvement, and following a reorganisation of critical front-facing functions across the organisation, PFT has also recruited for its newly created role of Head of Customer Experience during the year.

PFT at a glance:

- A major Scottish theatre producer
- An RHS partner garden
- A learning and education provider
- A conference and event venue
- A major tourist destination
- Highland Perthshire's largest employer.

Our Strategic objectives

To ensure that Pitlochry Festival Theatre can look confidently ahead to a long and sustainable future, we will:

- **become a centre of production excellence** – by consistently creating and delivering the highest quality theatre, and balancing new and innovative productions with exciting interpretations of familiar and well-loved works
- **raise our profile and extend our reach** – by working in partnership with theatre makers, artists and creative groups throughout Scotland and across the UK
- **invest in the future of our people** – by providing extraordinary training, facilities and opportunities for theatre makers and artists alike
- **contribute to Scotland's creative and tourism economies** – by taking inspiration from our environment and diverse communities to attract more visitors to Pitlochry and offer more to see and do when they are here
- **remove barriers to attendance, participation and engagement** – by delivering and maintaining a built and natural campus that is as accessible as possible for as many people as possible

Our performance this year:

PFT was pleased to have created 865 (2018: 877) weeks of full-time employment for actors, choreographers, designers, directors, lighting designers, musical directors, musicians and other theatre practitioners in the year.

People

PFT engaged with over 100,000 supporters and members of the public.

23 (2018: 17) creative team members worked with us.

PFT employed 189 members of staff in total in 2018-19 (2017-18: 207).

Programme

274 (2018: 293) performances took place at PFT.

Over 340 (2018: 320) actors, dancers, and musicians appeared at PFT.

Finance

PFT generated £3,141,753 (2018: £3,265,178) (turnover less statutory funding).

PFT's programme of work was supported by £751,150 (2018: £645,150) in statutory funding.

PFT used every £1 of statutory funding to generate £4.18 (2018: £5.06) in income.

An Economic Impact Appraisal based on PFT's recent performance and up-to-date economic data has indicated that the Theatre's programme of work continues to generate significant ROI as has been demonstrated in previous analyses suggesting a return of c.£13m-£18m within Perth and Kinross and beyond.

PFT was delighted to be awarded the UK Theatre Award for Most Welcoming Theatre in Scotland for the fourth year running. An unparalleled opportunity for audiences to celebrate their local theatre, the Most Welcoming Theatre is the only UK Theatre Award voted for by the public.

Looking forward into 2019, UK Theatre consulted with members including PFT on revamping its Awards including removing the public awards categories in favour of competitive application and assessment. PFT looks forward to the results of the revamped Awards at the ceremony in autumn 2019.

This year, PFT produced:

Number of productions	7 (2018: 8)
Number of performances	233 (2018: 204)
Number of attendances at performances	72,925 (2018: 75,762)

Summer Season

PFT's Summer Season opened on 25th May and ran for 22 weeks. The Theatre produced six plays for a total of 186 performances. These were:

- **Chicago** with book by Fred Ebb and Bob Fosse, music by John Kander, and lyrics by Fred Ebb)
- **The Rise and Fall of Little Voice** by Jim Cartwright
- **Quality Street** by J. M. Barrie
- **Travesties** by Tom Stoppard
- **Before the Party** by Rodney Ackland
- **The Last Witch** by Rona Munro

This programme included 4 premieres at the theatre.

The performance schedule of the summer musical, **Chicago**, was extended for an additional week of eight performances at the end of the season in order to meet extraordinary demand.

Overall, PFT's Summer Season productions attracted an audience of 54,079 people (2018: 52,702).

***** "Ravishingly Entertaining"
Neil Cooper, The Herald

Autumn Tour

PFT was delighted to tour its successful production of **The Last Witch** by Rona Munro to the Tron Theatre in Glasgow and the Traverse Theatre in Edinburgh. The production played for a week in each venue at the end of its run in Pitlochry to critical success and brought PFT's work to new audiences.

With 6 of the 11 performances in the tour sold out, PFT was pleased to share its work with 2,192 people at these venues in 11 performances, 6 of which sold out.

***** "A perfectly-weighted revival"
David Pollock, The Stage

Winter Musical

PFT's Winter Musical for 2018 was the RSC version of **The Wizard of Oz** by Frank L. Baum. This highly acclaimed version of the story is the closest to the iconic film.

Again in order to meet demand, the Theatre extended the performance schedule of this production to deliver an additional eight performances and meet high demand.

PFT's production featured a cast of 14 performers including 2 aerial artists, a band of 10, 24 children playing residents of the Wonderful Land of Oz, and two real dogs sharing the role of Toto with a puppeteer. Directed by Gemma Fairlie, PFT Associate Director, the show introduced elements of contemporary circus to the PFT for the first time, including aerial silks, hoop and counterweight harness.

The production opened on 23 November and ran for 36 performances across 4 weeks.

PFT's production of **The Wizard of Oz** attracted an audience of 16,654 people (2018: 14,484).

***** "Spectacular and inventive."
Joyce McMillan, The Scotsman

This year, PFT presented:

Visiting Company Programme

Number of Visiting Companies	52 (2018: 40)
Number of performances	67 (2018: 48)
Number of attendances	10,806 (2018: 10,341)

PFT was pleased to welcome back to its stage familiar favourites such as **Aly Bain & Phil Cunningham** and **Auld Hats, New Heids** as well as introduce audiences to studio theatre shows including **Black is the Color of my Voice, From Ella to Emeli** and **Bonnie Fechtters**. PFT also introduced a year round programme of work for families and children including **Animals** – a co-production between Greg Sinclair and Perth Theatre – and **Call of Nature** – an adventure piece taking audiences through the Theatre's campus – to help diversify its audiences.

Winter Words Festival

Number of Events	30 (2018: 41)
Number of attendances	4,849 (2018: 4,709)

PFT was delighted that its **Winter Words Festival** continued to attract growing audiences in the 2019 event. The programme repeated the recent introduction of music elements with Liz Lochhead, former National Poet of Scotland and recipient of the Queen's Gold Medal for Poetry, teaming up with Steve Kettle, composer and musician, for a well-received fusion of in-character monologues, theatre pieces and

performance poems with blues and soul songs. Well-known favourites like **Neil Oliver** and **Professor Dame Sue Black** achieved sold out audiences during the festival, and PFT was pleased that average attendance during the programme of events increased by 1.4x on the previous year.

Creative Learning Programme

Number of learning events	163 (2018: 151)
Number of learning attendances	3,468 (2018: 3,226)
Number of work experience placements	24 (2018: 12)

Alongside its core learning and educational activities this year, PFT supported 24 child performers to appear in its mainstage production of **The Wizard of Oz**, drawing participants from its Youth Theatre as well as from across Highland Perthshire and further afield. PFT was delighted to deliver Youth Theatre performances in collaboration with Birnam Arts, increasing the number of development and performance opportunities for all participants.

In 2018, PFT introduced popular Adult Drama programmes as well as a Show Choir as part of its creative engagement activities. Members of the Show Choir supported visiting companies on the mainstage during the year, and also performed pop-up performances in PFT's front of house space during the Summer Season.

Explorers: The Scottish Plant Hunters Garden

The *Explorers Garden* exists through the much-valued work and support of its volunteer group who in the year donated an astonishing c.5,000 hours of their time. *Explorers* continues to be an RHS Partner Garden and to be recognised by Plant Heritage as holding a National Collection of *meconopsis* (blue poppies) cultivars.

PFT undertook:

Fundraising and Development Work

PFT enjoys the philanthropic support of hundreds of donors each year, and has continued to offer a range of programmes providing a varied choice for individuals, companies, trusts and foundations. This ongoing support is crucial in enabling development and production of PFT's work.

The programmes offered included:

- **Friends of PFT:** a membership scheme supported both philanthropically and for those to enjoy discounts and benefits;
- **The Festival Circle:** a lower-level giving scheme for those supporting PFT both with one-off gifts or through regular giving;
- **The John Stewart Society:** for supporters who wish to commit to higher levels of regular giving and enjoy an enhanced relationship with PFT;
- **Production Sponsorship:** a scheme whereby individuals can offer financial support and dedicate a chosen play or musical, gaining acknowledgement on publicity materials;

- **Dedication Plaques:** supporters have the opportunity to purchase a pictorial plaque of a favourite play as part of a visual display in the theatre foyer, adding a special dedication or message for an event or in memory of a loved one.
- **Legacy Giving:** a programme designed to enable supporters to remember PFT in their estate planning, and to enjoy a regular relationship with PFT when they have let shared their intentions;
- **Online donations:** customers can choose to add a gift when making ticket purchases on the website;
- **Easyfundraising.org:** a national campaign whereby supporters nominate a charity whilst shopping online and their online retailers pass donations to their chosen charity.

In 2018-19, these programmes attracted £261,515 in additional revenue to PFT, including £25,000 in legacies.

As PFT moves towards its creative and capital redevelopment, the Trustees are pleased to have introduced a Campaign Committee to focus on capital giving. In recognition of the pressures this work will put on regular givers, and in accordance with best practice advice from the industry, the Trustees have chosen to put its Regular Giving Committee into abeyance having commissioned a fundraising health check through PFT's regular development consultancy group.

Financial review:

The results for the year and the Group's financial position at the end of the year are shown in the attached financial statements.

The consolidated net expenditure from charitable and other trading activities for the year amounted to £361,075 (2018: £372,386).

The year has been challenged by necessary changes in strategic approach and the requirement to reorganise functions to deliver against changing priorities. The Trustees have supported critical review and analysis of PFT's operational structures and subsequent evolution to help address business weakness and shift the Theatre's business model in a manner in which the Trustees take confidence.

PFT continues to enjoy stable levels of income in its core operation areas which provides Trustees a level of assurance that the Theatre and its strategic direction are sound. The Trustees are cognisant of the continued challenges PFT faces in terms of inflationary pressures and increasing annual deficits and have introduced significant organisational change including restructuring parts of the business so that they are fit for the current business environment. Changes in business approach and resultant efficiencies have been matched in the year by the costs of making change and the Trustees look forward to the impacts of their changes continuing to grow.

The Trustees and Executive Director have reviewed PFT's strategic plan and are developing a business model which looks to the Theatre's future with a matching financial plan that sustains the organisation moving forward.

Details of the Reserves Policy and the Going Concern basis of preparation are set out on pages 5 and 6.

Theatre

To assist in the delivery of its artistic programme, PFT was in receipt of unrestricted funding in the year from Creative Scotland (£531,000) and Perth & Kinross Council (£220,150), which it was most pleased to receive and is delighted publicly to acknowledge.

This £751,150 in combined statutory funding is critical to PFT's delivery of its programme of work. With this ongoing level of support, PFT is able to generate more than 5x its subsidy in earned income every year and operate as Highland Perthshire's largest employer.

Pitlochry Theatre Trading Ltd

PFT's wholly-owned Trading Subsidiary, Pitlochry Theatre Trading Ltd, generated mainly from retail and catering business, a net profit of £143,954 (2018: £207,161), of which £143,954 (2018: £207,161) was gift-aided to PFT per an existing deed of covenant.

PFT has worked to develop its conference and events business. In the financial year, PFT delivered:

Number of conferences and events	53 (2018: 49)
Number of conference and events attendees	2,750 (2018: 2,690)

PFT continues to review and manage its product, place, price, promotion, people, processes, and physical environment in order to improve its trading offer and outcomes.

The Group financial statements incorporate the results of this Trading Subsidiary.

Future plans:

2019-20 represents the second year of a new Creative Scotland Regular Funding cycle. PFT continues to work to deliver against Creative Scotland's strategic plan as it further develops and deliver upon its capital and creative development plan, *Vision 2021*.

As part of the long-awaited Tay Cities Deal, PFT was thrilled to learn that it had been awarded £10 million by the Scottish Government for its creative and capital development ambitions. This support offers a great platform from which to attract future capital funding from other sources as PFT works towards its ambitious *Vision 2021* plans to ensure that it remains at the very heart of Perthshire's – and Scotland's – cultural fabric.

This award is a strong endorsement of PFT's achievements in recent years, during which it has focused on growing the ambition, scale and range of the work we produce as one of Scotland's leading producing theatre buildings.

PFT is cognisant that this award is conditional on match funding and providing a robust business case through the Tay Cities Deal development process.

Vision 2021 is a bold and ambitious creative and capital development project which supports PFT's vision and mission, and will enable the Theatre to deliver against all five of its strategic objectives. Named to celebrate both PFT's 70th birthday and the proposed start of a major transformational project in the year 2021, *Vision 2021* will focus on three areas of critical development: **Placemaking**, **Accessibility** and **Engagement**. These will help us to secure a sustainable future for Pitlochry Festival Theatre.

Placemaking

Uniting buildings and gardens in our eleven-acre campus will create a holistic and immersive experience for visitors, making the most effective and exciting use of our built and natural environment. This will offer a wider variety of activities and opportunities for new and existing audiences and reposition Pitlochry Festival Theatre as 'more than a place to come and see a show'. Connecting the theatre to the landscape, and our whole campus to the wider community, will make important cultural and geographical connections and support our vision to bring Pitlochry to the world and the world to Pitlochry.

Accessibility

Pitlochry Festival Theatre, in common with many buildings of a similar age, was not designed with the accessibility we expect as standard today. Its whole built environment requires substantial adaptations to ensure that as many people as possible can access and use all spaces. *Vision 2021* will address loos and lifts, auditorium seating and technical equipment, entrances and exits, and backstage, back of house and production areas. On completion, PFT intends to offer a genuine 'access all areas' experience.

Engagement

Pitlochry Festival Theatre and Explorers: the Scottish Plant Hunters' Garden together offer visitors many ways to connect outside the auditorium. Introducing a second, smaller performance space will provide greater opportunities for outreach work and creative development, enabling PFT to nurture diverse groups, with a variety of needs, from local and wider communities. Additional performance space will also enhance the Theatre's performance and audience capacities, support PFT's ambition to bring more work to Pitlochry and extend our own productions beyond the existing auditorium.

Full details of the project are available on the PFT website and elsewhere.

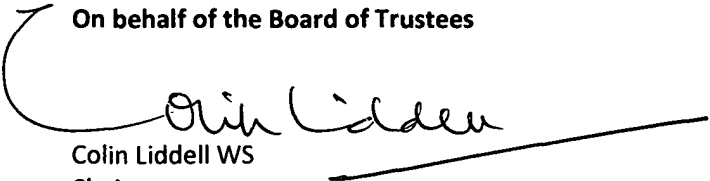
Principal risks and uncertainties:

The Board of Trustees has conducted its annual risk review for the next twelve-month period. The top ten risks to the Theatre, identified from a long list of 28, are (from the highest scored risk to the lowest):

1. Failure to meet income targets
2. Reduced audience volume
3. Vision 2021 not proceeding
4. Inadequate cash flow
5. Failure to meet expenditure targets
6. Failure of current management structure
7. Failure to meet fundraising targets
8. Loss of senior staff
9. Loss of political support
10. Loss of key skills including staff turnover or extended absence

Mitigations for these risks have been identified and implemented, and these are monitored by the Governance Oversight Committee throughout the year.

On behalf of the Board of Trustees


Colin Liddell WS
Chair

Pitlochry Festival Theatre
Port-na-Craig
Pitlochry
Perthshire
PH16 5DR

Date: 30/09/19

Pitlochry Festival Theatre
(A company limited by guarantee)
Independent auditor's report to the Members and Trustees
For the year ended 31 March 2019

Opinion

We have audited the financial statements of Pitlochry Festival Theatre for the year ended 31 March 2019 which comprise consolidated statement of financial activities, company statement of financial activities, consolidated balance sheet, company balance sheet, group and company statement of changes in equity, consolidated and company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the group and the parent charitable company as at 31 March 2019 and of the group's incoming resources and application of resources, including its 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 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees 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 trustees 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.

Pitlochry Festival Theatre
(A company limited by guarantee)
Independent auditor's report to the Members and Trustees
For the year ended 31 March 2019

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.

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 Trustees' Annual Report which includes the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report and 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 its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report and Strategic Report.

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

- the group or 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 8, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Pitlochry Festival Theatre
(A company limited by guarantee)
Independent auditor's report to the Members and Trustees
For the year ended 31 March 2019

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

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

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 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 trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Kenneth McDowell



Kenneth McDowell (Senior Statutory Auditor)

For and on behalf of Saffery Champness LLP

Chartered Accountants

Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9BA

Statutory Auditors

Date: 9 October 2019

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Pitlochry Festival Theatre**(A company limited by guarantee)****Consolidated statement of financial activities (incorporating a consolidated income and expenditure account)****For the year ended 31 March 2019**

	Notes	Unrestricted funds £	Restricted funds £	Total funds year to 31 March 2019 £	Total funds year to 31 March 2018 £
Income and Endowments from:					
Donations and legacies	3	236,358	25,157	261,515	257,009
Income from charitable activities:					
Operation of Theatre and Garden	4	2,727,022	-	2,727,022	2,680,893
Income from other trading activities:					
Commercial trading operations	12	900,487	-	900,487	959,535
Other income	5	3,665	-	3,665	12,829
Investment income	6	214	-	214	62
Total income		3,867,746	25,157	3,892,903	3,910,328
Expenditure					
Costs of raising funds:					
Commercial trading operations	12	756,533	-	756,533	752,374
Expenditure on charitable activities:					
Operation of Theatre and Garden	7	3,553,585	137,164	3,690,749	3,770,156
Total expenditure	9	4,310,118	137,164	4,447,282	4,522,530
Net expenditure before tax		(442,372)	(112,007)	(554,379)	(612,202)
Taxation credit	5	193,304	-	193,304	239,816
Net expenditure after tax and net movement in funds for the year		(249,068)	(112,007)	(361,075)	(372,386)
Reconciliation of funds					
Total funds brought forward		881,065	4,188,683	5,069,748	5,442,134
Total funds carried forward		631,997	4,076,676	4,708,673	5,069,748

The Consolidated statement of financial activities includes all gains and losses in the year. All of the above amounts relate to continuing activities.

The notes on pages 29 to 54 form part of these financial statements.

Pitlochry Festival Theatre
(A company limited by guarantee)
Company statement of financial activities (incorporating an income and expenditure account)
For the year ended 31 March 2019

	Notes	Unrestricted funds £	Restricted funds £	Total funds year to 31 March 2019 £	Total funds year to 31 March 2018 £
Income and Endowments from:					
Donations and legacies	3	236,358	25,157	261,515	257,009
Income from charitable activities:					
Operating of Theatre and Garden	4	2,727,022	-	2,727,022	2,680,893
Other income	5	3,665	-	3,665	12,829
Investment income	6	144,168	-	144,168	207,223
Total income		3,111,213	25,157	3,136,370	3,157,954
Expenditure					
Expenditure on charitable activities:					
Operation of Theatre and Garden	7	3,553,585	137,164	3,690,749	3,770,156
Total expenditure		3,553,585	137,164	3,690,749	3,770,156
Net expenditure before tax		(442,372)	(112,007)	(554,379)	(612,202)
Taxation credit	5	193,304	-	193,304	239,816
Net expenditure after tax and net movement in funds for the year		(249,068)	(112,007)	(361,075)	(372,386)
Reconciliation of funds					
Total funds brought forward		881,065	4,188,683	5,069,748	5,442,134
Total funds carried forward		631,997	4,076,676	4,708,673	5,069,748

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

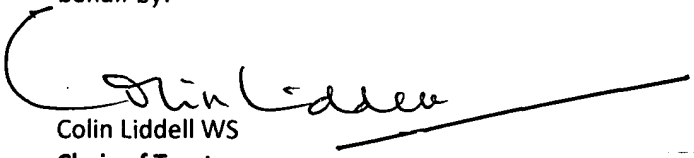
All of the above amounts relate to continuing activities.

The notes on pages 29 to 54 form part of these financial statements.

Pitlochry Festival Theatre
(A company limited by guarantee)
Consolidated balance sheet
As at 31 March 2019

		31 March 2019 £	31 March 2018 £
	Notes		
Fixed assets			
Tangible assets	11	4,739,959	4,906,091
Investments	12	47,770	47,770
		<u>4,787,729</u>	<u>4,953,861</u>
Current assets			
Stock	13	24,596	26,467
Debtors	14	472,783	540,027
Cash at bank and in hand		349,739	330,003
		<u>847,118</u>	<u>896,497</u>
Liabilities			
Creditors: amounts falling due within one year	15	(926,174)	(780,610)
Net current (liabilities)/assets		<u>(79,056)</u>	<u>115,887</u>
Net assets		<u>4,708,673</u>	<u>5,069,748</u>
The funds of the group			
Restricted income funds	16	4,076,676	4,188,683
Unrestricted income funds	17	631,997	881,065
Total funds	18	<u>4,708,673</u>	<u>5,069,748</u>

These financial statements were approved by the Trustees on 12/09/19 and are signed on their behalf by:


Colin Liddell WS
Chair of Trustees

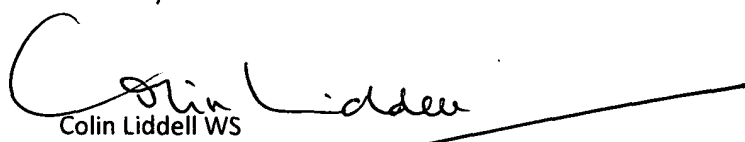
Registered in Scotland No. SC029243

The notes on pages 29 to 54 form part of these financial statements.

Pitlochry Festival Theatre
(A company limited by guarantee)
Company balance sheet
As at 31 March 2019

		31 March 2019 £	31 March 2018 £
	Notes		
Fixed assets			
Tangible assets	11	4,732,109	4,894,038
Investments	12	47,775	47,775
		<u>4,779,884</u>	<u>4,941,813</u>
Current assets			
Stock	13	-	-
Debtors	14	522,581	559,541
Cash at bank and in hand		288,577	290,734
		<u>811,158</u>	<u>850,275</u>
Liabilities			
Creditors: amounts falling due within one year	15	(882,370)	(722,340)
Net current (liabilities)/assets		<u>(71,212)</u>	<u>127,935</u>
Net assets		<u>4,708,673</u>	<u>5,069,748</u>
The funds of the company			
Restricted income funds	16	4,076,676	4,188,683
Unrestricted income funds	17	631,997	881,065
Total funds	18	<u>4,708,673</u>	<u>5,069,748</u>

These financial statements were approved by the Trustees on12/09/19..... and are signed on their behalf by:


Colin Liddell WS
Chair of Trustees

Registered in Scotland No. SC029243

The notes on pages 29 to 54 form part of these financial statements.

Pitlochry Festival Theatre
(A company limited by guarantee)
Statement of changes in equity
For the year ended 31 March 2019

	Unrestricted funds £	Restricted funds £	Total £
Group and company			
Balance at 1 April 2017	1,043,659	4,398,475	5,442,134
Year ended 31 March 2018			
Net income/(expenditure)	(162,594)	(209,792)	(372,386)
Balance at 31 March 2018	881,065	4,188,683	5,069,748
Year ended 31 March 2019			
Net expenditure	(249,068)	(112,007)	(361,075)
Balance at 31 March 2019	631,997	4,076,676	4,708,673

Pitlochry Festival Theatre
(A company limited by guarantee)
Consolidated and Company statement of cash flows
For the year ended 31 March 2019

	Consolidated		Company	
	31 March 2019 £	31 March 2018 £	31 March 2019 £	31 March 2018 £
Net cash inflow/(outflow) from operating activities (see below)	35,422	(29,187)	13,529	(58,089)
Cashflows from investing activities				
Interest received	214	62	214	62
Payments to acquire tangible fixed assets	(15,900)	(5,941)	(15,900)	(4,159)
Net cash used in investing activities	(15,686)	(5,879)	(15,686)	(4,097)
Increase/(decrease) in cash	19,736	(35,066)	(2,157)	(62,186)
Cash at 1 April 2018	330,003	365,069	290,734	352,920
Cash at 31 March 2019	349,739	330,003	288,577	290,734
	31 March 2019 £	31 March 2018 £	31 March 2019 £	31 March 2018 £
Net (expenditure)/income	(361,075)	(372,386)	(361,075)	(372,386)
Interest received	(214)	(62)	(214)	(62)
Depreciation	182,032	192,056	177,829	180,990
Increase in investment	-	-	-	-
Decrease/(increase) in stocks	1,871	(5,224)	-	225
Decrease/(increase) in debtors	67,244	(23,332)	36,960	(16,188)
Increase in ordinary creditors	6,512	49,834	14,491	108,986
Increase in funding creditors	139,052	129,927	145,538	40,346
Net cash inflow/(outflow) from operating activities	35,422	(29,187)	13,529	(58,089)

Pitlochry Festival Theatre
(A company limited by guarantee)
Consolidated and Company statement of cash flows
For the year ended 31 March 2019

	1 April 2018	Cash flows	Other non-cash changes	31 March 2019
Group	£	£	£	£
Cash in hand, at bank	330,003	19,736	-	349,739
	1 April 2018	Cash flows	Other non-cash changes	31 March 2019
Company	£	£	£	£
Cash in hand, at bank	290,734	(2,157)	-	288,577

The notes on pages 29 to 54 form part of these financial statements.

1.1 Accounting convention and accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Pitlochry Festival Theatre meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

Significant judgements and estimation uncertainty

When applying the company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. As the estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, actual results could differ from such estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The areas involving a higher degree of judgement or areas where assumptions and estimates are significant to the financial statements are:

- **Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, future investment, economic utilisation, and the physical condition of the assets. The Trustees are aware of c. £3m in outstanding maintenance matters (last significantly reviewed in 2014) which will all be addressed during the *Vision 2021* capital project. As such, the Board's policy is to respond to maintenance repairs and renewals on a reactive basis. See note 11 for carrying amounts of tangible assets.

- **Impairment of debtors**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management consider factors including the current credit rating of the debtor, the substance of the deferred production costs and historical experience. See note 14 for carrying amounts of debtors.

1.2 Consolidation

The consolidated financial statements consolidate the financial statements of Pitlochry Festival Theatre and its subsidiary undertakings, Pitlochry Theatre Trading Limited and Pitlochry Theatre Production Services Limited, drawn up to 31 March 2019.

1.3 Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Group Statement of Financial Activities from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

1.4 Investments and investment income

Fixed asset investments are stated at original cost and revalued for any increase or decrease in the market value of the investments in the year. Any gain or loss in the year is recognised in the Statement of Financial Activities.

Income from investments is accounted for on a receivable basis. Gains or losses realised over the previous year end valuation on sale of investments are credited or charged to the Statement of Financial Activities.

1.5 Fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Assets costing under £500 are considered to be renewals and are charged directly to the Statement of Financial Activities.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property	-	1-2% straight line (Theatre)
Plant & machinery	-	5-33% straight line (Theatre)
Plant & machinery	-	10-20% straight line (Catering)
Motor vehicles	-	20% straight line (Theatre)

Restricted funds received from grant aiding bodies and from donations, as a contribution to capital expenditure, are amortised to the Statement of Financial Activities over the estimated useful lives of the assets to which they relate, in line with depreciation.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the Statement of Financial Activities.

1.6 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the company's Balance Sheet when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Statement of Financial Activities, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through the Statement of Financial Activities, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the statement of financial activities.

De-recognition of financial assets

Financial assets are de-recognised only when the contractual rights to the cash flows from the asset expire, or when the Group transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through the Statement of Financial Activities. Changes in the fair value of derivatives are recognised in the Statement of Financial Activities as appropriate.

De-recognition of financial liabilities

Financial liabilities are de-recognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.8 Taxation

The company is a charity for the purposes of Section 505 ICTA 1988 and is exempt from taxation on the whole of its income. The subsidiaries are not charities. The trading subsidiary has, however, agreed to donate to Pitlochry Festival Theatre any surplus profit.

Following specialist advice, the Trustees have determined that Theatre Production Tax Relief, the Treasury-led policy innovation conceived to enable greater investment and experimentation in theatre production, will be treated as an accrual for the year to which it relates as opposed to cash for the year in which it is received. As the company evolves its operating structure in relation to *Vision 2021*, this change in policy will help to clearly link income and expenditure with tax credits.

1.9 Incoming resources from charitable activities

Income from Theatre admission fees is included in incoming resources in the period in which the relevant show takes place. Income from Garden admission fees is included in incoming resources in the period in which the visitors attend the Garden.

1.10 Commercial trading activities

Income from commercial trading activities is included in the period in which the Group is entitled to receipt.

1.11 Donations and Grants

Income from donations and grants, including capital grants, is included in incoming resources when these are receivable, except as follows:

When donors specify that donations and grants given to the Charity must be used in future accounting periods, the income is deferred until those periods.

When donors impose conditions which have to be fulfilled before the Charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When donors specify that donations and grants, including capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources in restricted funds when receivable.

1.12 Interest receivable

Interest is included when receivable by the Group.

1.13 Resources expended

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any Value Added Tax which cannot be recovered.

1.14 Future production costs

Future production expenditure represents the costs of productions in progress or not commenced at the year end.

1.15 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1.16 Pension costs

The company makes pension contributions to employees' personal pension plans which are charged to the Statement of Financial Activities account when paid.

1.17 Restricted Funds

These are funds from a donor or grant body that can only be used for a particular restricted purpose within the objects of the charity.

1.18 Unrestricted Funds

These are funds which can be used in accordance with the charitable objects at the discretion of the Trustees. In particular circumstances the Board will designate reserves as appropriate.

Pitlochry Festival Theatre
(A company limited by guarantee)
Notes to the financial statements
For the year ended 31 March 2019

2. Comparative statement of financial activities

Group	Unrestricted funds	Restricted funds	Total funds year to 31 March 2018	Total funds year to 31 March 2017
	£	£	£	£
Income and Endowments from:				
Donations and legacies	253,351	3,658	257,009	468,261
Income from charitable activities:				
Operation of Theatre and Garden	2,680,893	-	2,680,893	2,691,666
Income from other trading activities:				
Commercial trading operations	959,535	-	959,535	940,894
Other income	12,829	-	12,829	28,316
Investment income	62	-	62	100
Total income	3,906,670	3,658	3,910,328	4,129,237
Expenditure				
Costs of raising funds:				
Commercial trading operations	752,374	-	752,374	734,218
Expenditure on charitable activities:				
Operation of Theatre and Garden	3,556,706	213,450	3,770,156	3,643,617
Total expenditure	4,309,080	213,450	4,522,530	4,377,835
Net expenditure before tax	(402,410)	(209,792)	(612,202)	(248,598)
Taxation credit	239,816	-	239,816	415,700
Net (expenditure)/income after tax and net movement in funds for the year	(162,594)	(209,792)	(372,386)	167,102
Reconciliation of funds				
Total funds brought forward	1,043,659	4,398,475	5,442,134	5,275,032
Total funds carried forward	881,065	4,188,683	5,069,748	5,442,134

Pitlochry Festival Theatre
(A company limited by guarantee)
Notes to the financial statements
For the year ended 31 March 2019

2. Comparative statement of financial activities (continued)

Company	Unrestricted funds	Restricted funds	Total funds year to 31 March 2018	Total funds year to 31 March 2017
	£	£	£	£
Income and Endowments from:				
Donations and legacies	253,351	3,658	257,009	468,261
Income from charitable activities:				
Operating of Theatre and Garden	2,680,893	-	2,680,893	2,691,666
Other income	12,829	-	12,829	28,316
Investment income	207,223	-	207,223	206,776
Total income	3,154,296	3,658	3,157,954	3,395,019
Expenditure				
Expenditure on charitable activities:				
Operation of Theatre and Garden	3,556,706	213,450	3,770,156	3,643,617
Total expenditure	3,556,706	213,450	3,770,156	3,643,617
Net expenditure before tax	(402,410)	(209,792)	(612,202)	(248,598)
Taxation credit	239,816	-	239,816	415,700
Net (expenditure)/income after tax and net movement in funds for the year	(162,594)	(209,792)	(372,386)	167,102
Reconciliation of funds				
Total funds brought forward	1,043,659	4,398,475	5,442,134	5,275,032
Total funds carried forward	881,065	4,188,683	5,069,748	5,442,134

Pitlochry Festival Theatre
(A company limited by guarantee)
Notes to the financial statements
For the year ended 31 March 2019

3. Donations and legacies

	Unrestricted funds	Restricted funds	Total funds year to 31 Mar 2019	Total funds year to 31 Mar 2018
	£	£	£	£
Group and Company				
Other donations				
- Legacies	25,000	-	25,000	106,109
- Revenue donations	211,358	-	211,358	147,242
- Vision 2021	-	11,600	11,600	400
Garden projects	-	2,000	2,000	3,258
Other donations	-	11,557	11,557	-
	<u>236,358</u>	<u>25,157</u>	<u>261,515</u>	<u>257,009</u>
Comparative information				
	Unrestricted funds	Restricted funds	Total funds year to 31 Mar 2018	Total funds year to 31 Mar 2017
	£	£	£	£
Group and Company				
Other donations				
- Legacies	106,109	-	106,109	159,815
- Revenue donations	147,242	-	147,242	170,589
- Vision 2021	-	400	400	132,537
Garden projects	-	3,258	3,258	5,320
	<u>253,351</u>	<u>3,658</u>	<u>257,009</u>	<u>468,261</u>

4. Income from charitable activities

	Unrestricted funds	Restricted funds	Total funds year to 31 Mar 2019	Total funds year to 31 Mar 2018
	£	£	£	£
Group and Company				
Creative Scotland	531,000	-	531,000	425,000
Perth & Kinross Council	220,150	-	220,150	220,150
Operation of Theatre	1,962,813	-	1,962,813	2,008,879
Operation of Garden	13,059	-	13,059	25,819
Other donations	-	-	-	1,045
	<u>2,727,022</u>	<u>-</u>	<u>2,727,022</u>	<u>2,680,893</u>

The operation of the Theatre and the Garden together with associated grant income constitute the income arising from the Charity's principal activity of artistic performances. Associated fundraising income is disclosed in note 3.

4. Income from charitable activities (continued)

Comparative information	Unrestricted funds	Restricted funds	Total funds year to 31 Mar 2018	Total funds year to 31 Mar 2017
	£	£	£	£
Group and Company				
Creative Scotland	425,000	-	425,000	425,000
Perth & Kinross Council	220,150	-	220,150	220,150
Operation of Theatre	2,008,879	-	2,008,879	2,016,221
Operation of Garden	25,819	-	25,819	22,803
Other donations	1,045	-	1,045	7,492
	<u>2,680,893</u>	<u>-</u>	<u>2,680,893</u>	<u>2,691,666</u>

5. Other incoming resources and taxation credit

	Unrestricted funds	Restricted funds	Total funds year to 31 Mar 2019	Total funds year to 31 Mar 2018
	£	£	£	£
Group and Company				
Other	3,665	-	3,665	12,829
Theatre tax credit	<u>193,304</u>	<u>-</u>	<u>193,304</u>	<u>239,816</u>
Comparative information				
	Unrestricted funds	Restricted funds	Total funds year to 31 Mar 2018	Total funds year to 31 Mar 2017
	£	£	£	£
Group and Company				
Other	12,829	-	12,829	28,316
Theatre tax credit	<u>239,816</u>	<u>-</u>	<u>239,816</u>	<u>415,700</u>

6. Investment income

	Unrestricted funds	Restricted funds	Total funds year to 31 Mar 2019	Total funds year to 31 Mar 2018
	£	£	£	£
Group				
Bank interest received	214	-	214	62
Company				
Income from subsidiary undertakings	143,954	-	143,954	207,161
Bank interest received	214	-	214	62
	144,168	-	144,168	207,223
Comparative information	Unrestricted funds	Restricted funds	Total funds year to 31 Mar 2018	Total funds year to 31 Mar 2017
	£	£	£	£
Group				
Bank interest received	62	-	62	100
Company				
Income from subsidiary undertakings	207,161	-	207,161	206,676
Bank interest received	62	-	62	100
	207,223	-	207,223	206,776

7. Charitable activities

	Unrestricted funds	Restricted funds	Total funds year to 31 Mar 2019	Total funds year to 31 Mar 2018
	£	£	£	£
Group and Company				
Provision of charitable services:				
Staff costs	1,994,080	-	1,994,080	2,015,114
Depreciation	174,926	2,903	177,829	180,990
Operating expenses	1,372,979	134,261	1,507,240	1,565,302
Auditor's remuneration	11,600	-	11,600	8,750
	3,553,585	137,164	3,690,749	3,770,156

7. Charitable activities (continued)

Analysis of expenditure on charitable activities

	Total	Performances	Education	Fundraising
	£	£	£	£
Performance expenses	1,964,805	1,964,805	-	-
Education and learning	53,410	-	53,410	-
Box office and front of house	238,328	238,328	-	-
Marketing	314,533	314,533	-	-
Garden	52,201	52,201	-	-
Development and fundraising	57,183	-	-	57,183
Other	63,950	63,950	-	-
Depreciation	177,829	177,829	-	-
Central wages and salaries	339,701	339,701	-	-
Central overheads	417,210	417,210	-	-
Governance	11,600	11,600	-	-
	<u>3,690,749</u>	<u>3,580,156</u>	<u>53,410</u>	<u>57,183</u>

Governance costs have been allocated wholly to the company's principal charitable activity on the grounds of materiality whilst central wages, salaries and overheads have been allocated on a pro rata basis to other costs incurred. Central overheads include administration, building costs utilities, human resources and IT related costs which are not considered material for separate disclosure. The Directors consider this to be a fair summary of the charitable activities incurred in accordance with the requirements of the SORP.

Comparative information	Unrestricted funds	Restricted funds	Total funds year to 31 Mar 2018	Total funds year to 31 Mar 2017
	£	£	£	£
Group and Company				
Provision of charitable services:				
Staff costs	2,015,114	-	2,015,114	1,941,146
Depreciation	11,067	169,923	180,990	185,317
Operating expenses	1,521,775	43,527	1,565,302	1,508,619
Auditor's remuneration	8,750	-	8,750	8,535
	<u>3,556,706</u>	<u>213,450</u>	<u>3,770,156</u>	<u>3,643,617</u>

7. Charitable activities (continued)

Analysis of expenditure on charitable activities

	Total	Performances	Education	Fundraising
	£	£	£	£
Performance expenses	2,113,563	2,113,563	-	-
Education and learning	32,061	-	32,061	-
Box office and front of house	214,382	214,382	-	-
Marketing	288,159	288,159	-	-
Garden	53,427	53,427	-	-
Development and fundraising	25,353	-	-	25,353
Other	46,127	46,127	-	-
Depreciation	180,990	180,990	-	-
Central wages and salaries	409,197	409,197	-	-
Central overheads	398,147	398,147	-	-
Governance	8,750	8,750	-	-
	<u>3,770,156</u>	<u>3,712,742</u>	<u>32,061</u>	<u>25,353</u>

8. Governance costs

	Unrestricted funds	Restricted funds	Total funds year to 31 Mar 2019	Total funds year to 31 Mar 2018
	£	£	£	£
Group				
Auditor's remuneration	<u>13,650</u>	<u>-</u>	<u>13,650</u>	<u>10,000</u>
Company				
Auditor's remuneration	<u>11,600</u>	<u>-</u>	<u>11,600</u>	<u>8,750</u>

Pitlochry Festival Theatre
(A company limited by guarantee)
Notes to the financial statements
For the year ended 31 March 2019

8. Governance costs (continued)

Comparative information	Unrestricted funds	Restricted funds	Total funds year to 31 Mar 2018	Total funds year to 31 Mar 2017
	£	£	£	£
Group				
Auditor's remuneration	10,000	-	10,000	9,735
Company				
Auditor's remuneration	8,750	-	8,750	8,535

9. Total resources expended

	Staff costs	Depreciation	Other costs	Total funds year to 31 Mar 2019	Total funds year to 31 Mar 2018
	£	£	£	£	£
Group					
Direct charitable expenditure	1,994,080	177,828	1,507,241	3,679,149	3,760,156
Governance costs	-	-	11,600	11,600	10,000
Commercial trading activities	386,010	4,203	366,320	756,533	752,374
	<u>2,380,090</u>	<u>182,031</u>	<u>1,912,560</u>	<u>4,447,282</u>	<u>4,522,530</u>

	Group		Company	
	Year to 31 Mar 2019	Year to 31 Mar 2018	Year to 31 Mar 2019	Year to 31 Mar 2018
	£	£	£	£
The aggregate payroll costs were:				
Staff costs	2,226,437	2,256,090	1,864,735	1,898,714
Social security costs	127,821	119,795	104,840	104,526
Pension costs	25,831	13,335	24,505	11,874
	<u>2,380,090</u>	<u>2,389,220</u>	<u>1,994,080</u>	<u>2,015,114</u>

9. Total resources expended (continued)

The average number of employees during the year was:

	Group		Company	
	Year to	Year to	Year to	Year to
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	No.	No.	No.	No.
Production staff	38	44	38	44
Administrative staff	41	42	41	42
Education	-	1	-	1
Trading	26	27	-	-
	<u>105</u>	<u>114</u>	<u>79</u>	<u>87</u>

No employee received emoluments of more than £60,000 during the year (2018: none).

No Trustee received remuneration during the year or the previous year (but see note 20). Expenses totalling £338 (2018: £194) were paid to a Trustee for travelling costs.

The key management personnel employed by the Theatre comprise the Artistic and Executive Directorate. The total employee benefits of the key management personnel of the Theatre were £84,424 (2018: £124,652).

Comparative information	Staff costs	Depreciation	Other costs	Total funds	Total funds
				year to	year to
				31 Mar	31 Mar
				2018	2017
	£	£	£	£	£
Group					
Direct charitable expenditure	2,015,114	180,990	1,564,052	3,760,156	3,633,882
Governance costs	-	-	10,000	10,000	9,735
Commercial trading activities	374,106	11,066	367,202	752,374	734,218
	<u>2,389,220</u>	<u>192,056</u>	<u>1,941,254</u>	<u>4,522,530</u>	<u>4,377,835</u>

Pitlochry Festival Theatre
(A company limited by guarantee)
Notes to the financial statements
For the year ended 31 March 2019

10. Net incoming resources

Net incoming resources are stated after charging:

	Group		Company	
	Year to	Year to	Year to	Year to
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	£	£	£	£
Depreciation	182,031	192,056	177,828	180,990
Auditor's remuneration	13,650	10,000	11,600	8,750

11. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Total £
Group				
Cost or deemed cost				
At 1 April 2018	7,310,239	1,880,232	16,604	9,207,075
Additions	-	15,900	-	15,900
At 31 March 2019	7,310,239	1,896,132	16,604	9,222,975
Depreciation				
At 1 April 2018	2,689,123	1,595,257	16,604	4,300,984
Charge for the year	134,261	47,771	-	182,032
At 31 March 2019	2,823,384	1,643,028	16,604	4,483,016
Net book value				
At 31 March 2019	4,486,855	253,104	-	4,739,959
At 31 March 2018	4,621,116	284,975	-	4,906,091

Pitlochry Festival Theatre
(A company limited by guarantee)
Notes to the financial statements
For the year ended 31 March 2019

11. Tangible fixed assets (continued)

	Freehold Property £	Plant and machinery £	Motor vehicles £	Total £
Company				
Cost or deemed cost				
At 1 April 2018	7,182,842	1,733,619	12,011	8,928,472
Additions	-	15,900	-	15,900
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	7,182,842	1,749,519	12,011	8,944,372
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2018	2,561,726	1,460,697	12,011	4,034,434
Charge for the year	134,261	43,568	-	177,829
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	2,695,987	1,504,265	12,011	4,212,263
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2019	4,486,855	245,254	-	4,732,109
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	4,621,116	272,922	-	4,894,038
	<hr/>	<hr/>	<hr/>	<hr/>

Pitlochry Festival Theatre
(A company limited by guarantee)
Notes to the financial statements
For the year ended 31 March 2019

12. Investments

Group and Company

	Unlisted investments £
Cost	
At 1 April 2018 and 31 March 2019	30,000
Revaluation	
At 1 April 2018	17,770
Revaluation in year	-
At 31 March 2019	17,770
Net book value	
At 31 March 2019	47,770
At 31 March 2018	47,770

Unlisted investments are held primarily as long-term investments.

Company

In addition to the above unlisted investments, Pitlochry Festival Theatre has 2 (2018: 2) wholly-owned subsidiaries, one of which is dormant.

			2019 £	2018 £
Cost as at 1 April 2018 and 31 March 2019			5	5
	Unrestricted funds	Restricted funds	Total funds year to 31 Mar 2019	Total funds year to 31 Mar 2018
	£	£	£	£
Shares in subsidiaries				
Undertakings at cost	5	-	5	5

Pitlochry Festival Theatre
(A company limited by guarantee)
Notes to the financial statements
For the year ended 31 March 2019

12. Investments (continued)

Pitlochry Theatre Trading Limited, a company incorporated in Scotland, operates the bars, restaurant and all commercial trading operations carried on at Pitlochry Festival Theatre. Pitlochry Festival Theatre owns the entire issued share capital of 3 Ordinary Shares of £1 each and all of the profits are paid to the Theatre by way of covenanted donation.

Pitlochry Theatre Trading Limited (SC082496):

	2019 £	2018 £
Turnover	900,488	959,535
Expenditure	(756,534)	(752,374)
Net profit	143,954	207,161
Amount gift aided to charity	(143,954)	(207,161)
Retained in subsidiary	-	-
Assets	110,059	79,150
Liabilities	(110,056)	(79,147)
Aggregate capital and reserves	3	3

Included within expenditure are stock purchases treated as an expense totalling £308,095 (2018: £320,017).

Pitlochry Theatre Production Services Limited was set up in 2015 and has remained dormant since. Pitlochry Festival Theatre owns the entire issued share capital of 2 Ordinary Shares of £1 each.

Pitlochry Theatre Production Services Limited (SC489595):

	2019 £	2018 £
Aggregate capital and reserves	2	2

Pitlochry Festival Theatre
(A company limited by guarantee)
Notes to the financial statements
For the year ended 31 March 2019

13. Stocks

	Group		Company	
	Year to 31 Mar 2019	Year to 31 Mar 2018	Year to 31 Mar 2019	Year to 31 Mar 2018
	£	£	£	£
Stock	24,596	26,467	-	-

14. Debtors

	Group		Company	
	Year to 31 Mar 2019	Year to 31 Mar 2018	Year to 31 Mar 2019	Year to 31 Mar 2018
	£	£	£	£
Trade debtors	49,718	30,900	49,452	30,139
Amounts owed by Group undertakings	-	-	66,252	21,849
Other debtors	64,996	3,965	49,412	2,992
Theatre tax credit	192,825	225,570	192,825	225,570
Prepayments	165,244	279,592	164,641	278,991
	472,783	540,027	522,581	559,541

15. Creditors: amounts falling due within one year

	Group		Company	
	Year to 31 Mar 2019	Year to 31 Mar 2018	Year to 31 Mar 2019	Year to 31 Mar 2018
	£	£	£	£
Trade creditors	144,062	145,107	125,399	123,701
Deferred income	602,287	463,235	594,455	448,917
Taxation and social security	60,434	41,120	51,478	18,571
Other creditors	31,835	26,299	31,835	26,302
Accruals	87,556	104,849	79,202	104,849
	926,174	780,610	882,370	722,340

Pitlochry Festival Theatre
(A company limited by guarantee)
Notes to the financial statements
For the year ended 31 March 2019

16. Restricted funds – Group and Company

	Balance at 1 Apr 2018	Incoming	Movement in resources: outgoing and transfer	Balance at 31 Mar 2019
	£	£	£	£
Capital grants	4,122,525	2,000	(137,164)	3,987,361
Leon Sinden Award	47,770	-	-	47,770
Vision 2021	18,388	11,600	-	29,988
Other	-	11,557	-	11,557
	<u>4,188,683</u>	<u>25,157</u>	<u>(137,164)</u>	<u>4,076,676</u>

Capital Grants: Capital grants and other funding received towards capital projects are credited to a restricted capital fund as required by the Statement of Recommended Practice (SORP): Accounting and Reporting by Charities (FRS 102). In accordance with the requirements of the SORP, depreciation on funded assets is charged to the restricted capital fund in the company and consolidated statement of financial activities.

Leon Sinden Award: Restricted fund investment from which an Annual Award is made for best Actress and Actor for the Summer Season.

Vision 2021: Development plans for improving and enlarging the facilities and name of Pitlochry Festival Theatre.

Comparative information	Balance at 1 Apr 2017	Incoming	Movement in resources: outgoing and transfer	Balance at 31 Mar 2018
	£	£	£	£
Capital grants	4,293,767	3,258	(174,500)	4,122,525
Leon Sinden Award	47,770	-	-	47,770
Vision 2021	56,938	400	(38,950)	18,388
	<u>4,398,475</u>	<u>3,658</u>	<u>(213,450)</u>	<u>4,188,683</u>

Pitlochry Festival Theatre
(A company limited by guarantee)
Notes to the financial statements
For the year ended 31 March 2019

17. Unrestricted funds

Group	Balance at 1 Apr 2018	Total Income including tax credit	Movement in expenditure: outgoing and transfers	Balance at 31 Mar 2019
	£	£	£	£
General unrestricted funds	806,412	4,061,050	(4,310,118)	557,344
Designated reserves:				
Vision 2021	43,703	-	-	43,703
Pegasus Opera 3	16,950	-	-	16,950
2015-16 website	14,000	-	-	14,000
	<u>881,065</u>	<u>4,061,050</u>	<u>(4,310,118)</u>	<u>631,997</u>
Company	Balance at 1 Apr 2018	Total Income including tax credit	Movement in expenditure: outgoing and transfers	Balance at 31 Mar 2019
	£	£	£	£
General unrestricted funds	806,412	3,304,517	(3,553,585)	557,344
Designated reserves:				
Vision 2021	43,703	-	-	43,703
Pegasus Opera 3	16,950	-	-	16,950
2015-16 website	14,000	-	-	14,000
	<u>881,065</u>	<u>3,304,517</u>	<u>(3,553,585)</u>	<u>631,997</u>

Vision 2021: Development plans for improving and enlarging the facilities and name of Pitlochry Festival Theatre.

Pegasus Opera 3: Upgrade accounting software package.

2015-16 website: Developing and updating the existing website.

Pitlochry Festival Theatre
(A company limited by guarantee)
Notes to the financial statements
For the year ended 31 March 2019

17. Unrestricted funds (continued)

Comparative information Group	Balance at 1 Apr 2017	Incoming	Movement in outgoing and	Balance at 31 Mar 2018
	£	£	£	£
General unrestricted funds	964,676	4,146,486	(4,304,750)	806,412
Designated reserves:				
Vision 2021	43,703	-	-	43,703
Pegasus Opera 3	19,280	-	(2,330)	16,950
2015-16 website	16,000	-	(2,000)	14,000
	<u>1,043,659</u>	<u>4,146,486</u>	<u>(4,309,080)</u>	<u>881,065</u>
Comparative information Company	Balance at 1 Apr 2017	Incoming	Movement in outgoing and	Balance at 31 Mar 2018
	£	£	£	£
General unrestricted funds	964,676	3,394,112	(3,552,376)	806,412
Designated reserves:				
Vision 2021	43,703	-	-	43,703
Pegasus Opera 3	19,280	-	(2,330)	16,950
2015-16 website	16,000	-	(2,000)	14,000
	<u>1,043,659</u>	<u>3,394,112</u>	<u>(3,556,706)</u>	<u>881,065</u>

18. Analysis of net assets (between restricted and unrestricted funds)

Group	Tangible fixed assets £	Investments £	Other net liabilities £	Total 2019 £
Capital grants	3,987,361	-	-	3,987,361
Leon Sinden Award	-	47,770	-	47,770
Vision 2021	-	-	29,988	29,988
Other	-	-	11,557	11,557
Restricted funds	3,987,361	47,770	41,545	4,076,676
Unrestricted funds	752,598	-	(120,601)	631,997
	4,739,959	47,770	(79,056)	4,708,673
Company	Tangible fixed assets £	Investments £	Other net liabilities £	Total 2019 £
Capital grants	3,987,361	-	-	3,987,361
Leon Sinden Award	-	47,770	-	47,770
Vision 2021	-	-	29,988	29,988
Other	-	-	11,557	11,557
Restricted funds	3,987,361	47,770	41,545	4,076,676
Unrestricted funds	744,748	5	(112,756)	631,997
	4,732,109	47,775	(71,212)	4,708,673

Pitlochry Festival Theatre
(A company limited by guarantee)
Notes to the financial statements
For the year ended 31 March 2019

18. Analysis of net assets (between restricted and unrestricted funds) (continued)

Comparative information	Tangible	Investments	Other net assets	Total 2018
Group	Fixed Assets			
	£	£	£	£
Capital grants	4,122,525	-	-	4,122,525
Leon Sinden Award	-	47,770	-	47,770
Vision 2021	-	-	18,388	18,388
Restricted funds	4,122,525	47,770	18,388	4,188,683
Unrestricted funds	783,566	-	97,499	881,065
	4,906,091	47,770	115,887	5,069,748

Comparative information	Tangible	Investments	Other net assets	Total 2018
Company	Fixed Assets			
	£	£	£	£
Capital grants	4,122,525	-	-	4,122,525
Leon Sinden Award	-	47,770	-	47,770
Vision 2021	-	-	18,388	18,388
Restricted funds	4,122,525	47,770	18,388	4,188,683
Unrestricted funds	771,513	5	109,547	881,065
	4,894,038	47,775	127,935	5,069,748

19. Contingencies

Certain of the capital grant contributors have required the Theatre to treat their grants as partly or wholly refundable in the event of the theatre buildings ceasing to be used for the purposes of a theatre. The unamortised portion of these grants amount to £1,152,598 (2018: £1,278,611). Amortised amounts are being allocated from restricted funds over the estimated useful life of the assets to which they relate. Pitlochry Festival Theatre has securities granted to Creative Scotland.

A cross corporate letter of guarantee, incorporating offset provisions, covering all accounts within the Pitlochry Festival Theatre Group has been provided to the Company's banker. At the year end, the level of indebtedness due by the group to the bank was £Nil (2018: £Nil).

20. Related party transactions

The company was under the control of the Trustees throughout the current and previous year. During the year, the Theatre was provided with legal and company secretarial services by J & H Mitchell WS, a firm of solicitors in which Colin Liddell WS, a Trustee, is a partner. The Theatre has a written remuneration agreement in terms of section 67 of the Charities and Trustees Investment (Scotland) Act 2005 with J & H Mitchell WS and Colin Liddell WS and the value of the services provided under this agreement during the year amounted to £4,004 (2018: £3,840).

During the financial year, the Charity received donations from Trustees, without conditions, totalling £12,325 (2018: £6,500).

21. Company limited by guarantee

Pitlochry Festival Theatre is a company limited by guarantee and has no share capital. It is registered in Scotland and is a charity for tax purposes.

The liability of each Trustee in the event of a winding up is limited to £1.

22. Going concern

The Trustees consider the company and Group to be a going concern and the financial statements have been prepared on that basis. The future operations of the Theatre and Group as currently constituted are dependent upon the continued financial support from each of Creative Scotland and Perth & Kinross Council, HMRC's Theatre Tax Credit scheme, sufficient ongoing operating cash flow, and the transformation of the Theatre and its business model through creative and capital redevelopment. These together should allow sufficient operating surpluses and sufficient ongoing operating cashflow in the future.

The company meets its day-to-day working capital requirements through available cash resources which include receipts from advance ticket sales. The Board is aware that forthcoming theatre productions are created through the use of advance ticket sales.

2018-19 was the first year of Creative Scotland's new 3-year funding cycle and PFT was pleased to continue to be included in the Regular Funding Portfolio. This significant support provides a level of financial security through the 3 years ending in 2020-21.

PFT was further pleased to have received continued grant support from Perth and Kinross Council confirmed for 2019-20.

PFT continues to enjoy stable levels of income in its core operation areas and is focused on growing and repositioning itself within the local economy and the sector as a whole. In the face of ongoing general uncertainty regarding public sector funding, the Board has carefully considered the Group's financial prospects. It has approved financial operating projections based on all available data and recognises continuing pressures on both income and expenditure as a driver for change and continuing development with the organisation.

22. Going concern (continued)

The Board, having approved cash flow forecasts based upon these financial operating projections, is satisfied that the Theatre and Group will continue to meet debts as they fall due going forward.

The financial statements have therefore been drawn up on a going concern basis.

23. Financial assets and liabilities

Financial assets at amortised cost comprise cash and debtors as disclosed in the consolidated and company's balance sheet. Financial instruments at amortised cost comprise all creditors as disclosed in the consolidated and company's balance sheet.