



**Creative Scotland**

**National Lottery Distribution Fund**

**Annual Report and Accounts**

**For the year ended 31 March 2015**



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## Chair's Report

I was delighted to take on the Chairmanship of Creative Scotland in January of this year and would like to thank Sir Sandy Crombie for his wise stewardship since the inception of the organisation in 2010.

The journey since the merger of the Scottish Arts Council and Scottish Screen has not always been easy but the appointment of Janet Archer as Chief Executive in 2013 set the beginning of a new era with a clear sense of purpose and a re-organised team. This led to the publication of a ten year plan; *Unlocking Potential, Embracing Ambition* which I fully endorse and look forward to seeing unfold.

The Board of Creative Scotland has welcomed the Scottish Government's continued recognition of the value of culture, screen and the wider creative industries. The maintenance of the culture budget in the current year is something we are all grateful for however, we will, of course, continue to make the case for ongoing public and private sector support at a local, national and international level. It is to be regretted that we are only able to fund around 30% of those making applications to us. Yet recent surveys demonstrate the importance of our cultural and creative sector to both the psychological and economic well-being of the country and that must never be underestimated. In a recent survey 88% of those asked believed that public funding for the arts is a good thing with the Arts and Creative Industries combined delivering a staggering £3,690 million Gross Value Added (GVA) in terms of economic value to the country. As a nation our potential is enormous as evidenced by our 2014/15 Public & Stakeholder Survey in which 89% of respondents agreed that Scotland is a Creative Nation.

I am pleased that we have been able to publish significant figures that mark our progress over the last year. In 2013/14 the organisations that we regularly funded generated 5.8 million attendances and 2 million people actively participated in some cultural activity through workshops, discussions and other participatory events. Regularly funded organisations also provided 8,705 employment opportunities and broader support to 7,474 individuals. In total they issued 972 commissions to produce new work and 679 residences for artists. They also organised a great many events supporting artists, artistic and creative development and training attracting 38,727 people.

Some 60% of our funding comes from our Government with the balance mainly from the National Lottery. The staff and board members, as guardians of this public money, take their respective roles extremely seriously and I would like to thank them all for their diligence, dedication and sheer hard work, often under severe pressure, over the last twelve months. In particular Janet Archer, our Chief Executive, has done a sterling job re-focussing the organisation and making it more sensitive to the needs of the community we all serve.

I would also like to thank our Cabinet Secretary for Culture, Europe and External Affairs, Fiona Hyslop MSP, for her support, vision and enthusiasm. It is something that I know is much appreciated throughout the sector.

I have not the slightest doubt that, given the extraordinary talents that we have across Scotland, we can and will continue to unlock potential and allow people to embrace their ambitions.



**Richard Findlay CBE**  
**Chair of the Creative Scotland Board**  
**24 September 2015**

## Chief Executive's Report

2014/15 has been another significant year for the arts, screen and creative industries in Scotland and an important next step for the ongoing development for Creative Scotland and the support it gives to the arts, screen and creative industries.

Our 10-year plan, *Unlocking Potential, Embracing Ambition*, was published in April 2014. The publication of the plan followed an intensive period of open consultation, conversation and dialogue with more than 1000 people from across the arts, screen and creative industries contributing to the final plan through open sessions, online consultation and our external reference group. I am very grateful for the time and the thinking that people contributed to this work.

This is a shared plan, setting out clear ambitions and priorities for the arts, screen and creative industries in Scotland and providing a framework for, not only the work of Creative Scotland, but also the work of the people and organisations that we support and those we work in partnership with.

The 10-year plan is supported by our Annual Plan which is available to read on our website. This sets out our budgets and priority areas of work for the year and how we will measure successful delivery of this work. We continue to be committed to publishing an Annual Plan as early as possible in each new financial year and will report against the previous year's objectives.

This year we published our Screen Strategy, *Scotland on Screen*, and began work on our Creative Industries and Arts Strategies, the latter of which will follow from the publication of bespoke sector reviews focusing on Literature and Publishing and the Visual Arts.

We operationalised our new, simplified approach to funding with three routes regular, open and targeted funding with clearer processes for applicants, and a continued commitment to simple language, clear guidance and better feedback. We opened for applications to the Regular Funding in April 2015 and funded 119 organisations across Scotland following applications from 264 organisations. In October 2015 we launched Open Project Funding which has benefited a further 162 individuals and organisations over the 6 month period until the end of the financial year.

In 2014/15 we continued to strengthen our staff team through making key appointments across the organisation with the aim of making the most of the art-form and specialism specific knowledge and expertise that we have at our disposal, and to provide access to this knowledge and expertise.

Scottish Government support for the arts, screen and creative industries continues to be strong and, in times that continue to be financially challenging, I'd like to thank the Government and the Cabinet Secretary for Culture, Europe and External Affairs for this ongoing support which is not only significant but both recognised and welcome.

I'd like to thank all staff, Senior Leadership Team and the Board for all their hard work across the year. I continue to be impressed by their knowledge, commitment and the positive energy that they bring to the work of Creative Scotland, supporting Scotland's arts, screen and creative industries. In particular I'd like to thank Sir Sandy Crombie for his support and encouragement during his time as Chair and to welcome Richard Findlay as our new Chair, following his roles as Chair of The National Theatre of Scotland and STV.

The past year has been hugely successful in terms of the quality and range of artistic and creative work that has happened in and from Scotland, across all areas of practice, and I continue to be inspired by the richness of ideas, ambition and energy among Scotland's creative community.

A major highlight of the year was the Glasgow 2014 Commonwealth Games cultural programme which reached 2.1 million people through more than 12,000 events taking place across all parts of Scotland before, during and after the Games themselves.

We will be publishing our first Annual Report set against Unlocking Potential, Embracing Ambition at the end of 2015. This will illustrate the extraordinary breadth and range of work delivered by artists and creative practitioners across Scotland and the work that Creative Scotland and its partners does to support them.

We will continue to work hand in hand with people and organisations across all areas of practice to ensure that Scotland is a place where everyone actively values and celebrates arts and creativity as the heartbeat for our lives; which continually extends its imagination and ways of doing things; and where the arts, screen and creative industries are confident, connected and thriving.

A handwritten signature in black ink, appearing to read 'Janet Archer', with a large loop at the start and a long horizontal stroke at the end.

**Janet Archer**  
**Chief Executive and Accountable Officer**  
**24 September 2015**

## Directors' Report

### Introduction

Creative Scotland is the national body responsible for the distribution of lottery funds towards the support of artistic and creative activities. Through the National Lottery etc. Act 1993 (Amendment of section 23) (Creative Scotland) Order 2010, all sums held for distribution by Scottish Screen and the Scottish Arts Council are now held for distribution by Creative Scotland.

Under the financial directions issued by the Scottish Ministers, Creative Scotland is required to produce separate statements of accounts relating to these activities. An Annual Report for the National Lottery activity as required by the financial directions is incorporated within this Annual Report and Accounts. The accounts have been prepared in a form directed by the Scottish Ministers in accordance with Section 35 of Part II of the National Lottery etc. Act 1993. The Accountable Officer authorised these annual report and accounts for issue on 24 September 2015.

The policy directions issued under section 26 of Part II of the National Lottery etc Act 1993 by the Scottish Ministers are shown in Appendix 2.

### National Lottery Distribution Fund

At 31 March 2015 the Statement of Financial Position held under the stewardship of the National Lottery Distribution Fund (NLDF) available to Creative Scotland was £18.5 million (2014: £19.1 million). During the year to 31 March 2015, £35.5 million was called down from the NLDF for the payment of approved awards and administration of Creative Scotland's Lottery Fund (2014: £38.8 million).

### Creative Scotland Board

The Public Services Reform (Scotland) Act 2010 allows for up to a maximum of fourteen members, in addition to the Chair, all to be appointed by Scottish Ministers. The membership of the Board during the year was as follows:

	<b>Date of appointment</b>	<b>Term</b>	<b>End of current term</b>
Richard Findlay (Chairman)	1 January 2015	1 <sup>st</sup>	31 December 2018
Sir Sandy Crombie (Chairman)	1 July 2010	2 <sup>nd</sup>	31 December 2014
Steve Grimmond	1 July 2010	2 <sup>nd</sup>	30 June 2016
Sandra Gunn	1 July 2012	1 <sup>st</sup>	30 June 2016
Professor Robin MacPherson	1 July 2010	1 <sup>st</sup>	4 June 2015
May Miller	1 July 2012	1 <sup>st</sup>	30 June 2016
Fergus Muir	1 July 2012	1 <sup>st</sup>	30 June 2016
Barclay Price	1 July 2010	2 <sup>nd</sup>	30 June 2016
Richard Scott	1 July 2012	1 <sup>st</sup>	30 June 2016
Dr Gary West	1 July 2010	1 <sup>st</sup>	4 June 2015
Ruth Wishart	1 July 2010	2 <sup>nd</sup>	30 June 2017

During the year Sir Sandy Crombie announced his intention to stand down from his role as chair, with his term ending on 31 December 2014. Following a recruitment process regulated by the Commissioner for Ethical Standards in Public Life in Scotland, Richard Findlay was appointed chair on 1 January 2015.

The Board has ultimate decision making responsibility, but to facilitate effective management, appropriate levels of delegated authority have been approved by the Board for the Accountable Officer.

The Board is supported by an Audit and Risk Committee, a Financial and General Purposes Committee and a Chairs' Committee. Members of these committees are appointed by the Board from their membership. A register of interests for Board members is maintained and is available on the Creative Scotland website. No remuneration is paid to the Chair or the other board members.

The Board has corporate responsibility for ensuring that Creative Scotland fulfils the aims and objectives set by the Scottish Ministers; for promoting the efficient use of staff and other resources, in accordance with the principles of Best Value and for establishing the overall strategic direction for Creative Scotland. Further details on the responsibilities of the Board are reflected within the Management Statement and Financial Memorandum available on the Creative Scotland website.

### **Political and Charitable Donations**

There have been no political or charitable donations during the year or in the prior year. Grants and Awards have been made to charitable organisations but these are not classed as donations.

### **Risk management**

The risks faced by Creative Scotland are reflected within the Business Risk Assessment Register. The register is reviewed regularly at management meetings, with additional substantive periodic reviews also undertaken during the year. The register is a standing item at each Audit and Risk Committee meeting, and the register is presented annually in full to the Board.

### **Sickness absence**

In the year to 31 March 2015, an average of 6 working days (2014: 5.8 days) was lost per staff member working in the year.

### **Data loss**

There were no reported incidents of unauthorised exposure or loss of personal data during the financial year.

### **Information provided to the external auditor**

Creative Scotland's external auditor is appointed by the Auditor General for Scotland, and for the year ended 31 March 2015, KPMG LLP is the appointed auditor. So far as the Accountable Officer is aware, there is no relevant audit information of which the auditor is unaware and the Accountable Officer has taken all the steps that she ought to have taken in order to make herself aware of any relevant audit information and to establish that the auditor is aware of that information.



**Janet Archer**  
**Chief Executive of Creative Scotland and Accountable Officer**  
**24 September 2015**

## Strategic Report

### Structure, Governance and Management

Creative Scotland was established on the 1st July 2010 through enactment of the Public Services Reform (Scotland) Act 2010. It has the status of a Non Departmental Public Body (NDPB) and has a Board, appointed by the Scottish Ministers.

Creative Scotland is the public body that supports the arts, screen and creative industries across all parts of Scotland on behalf of everyone who lives, works or visits here. We enable people and organisations to work in and experience the arts and creative sectors in Scotland by helping others to create culture through developing great ideas and bringing them to life.

Creative Scotland's role as a development agency is to be an intelligent funder of the arts, screen and creative industries, to be a national and international advocate on their behalf and to positively influence attitudes, behaviours and policies.

We distribute funding from the Scottish Government and the National Lottery. A separate National Lottery Distribution Fund Annual Report and Accounts is produced for the activities undertaken as a Lottery Distributor.

These accounts have been prepared under an Accounts Direction issued by the Scottish Government on pages 38-40.

### Unlocking Potential, Embracing Ambition

In 2013/14 Creative Scotland published its 10 Year Plan, Unlocking Potential, Embracing Ambition. The Plan sets out a clear set of longer term ambitions, underpinned by shorter term priorities, to ensure that the arts, screen and creative industries in Scotland continue to thrive. Complimentary Annual Plans provide detail on delivery of this long term plan. All plans are available at [creativescotland.com](http://creativescotland.com).

The five ambitions for the arts, screen and creative industries over the next ten years are:

- Excellence and experimentation across the arts, screen and creative industries is recognised and valued
- Everyone can access and enjoy artistic and creative experiences
- Places and quality of life are transformed through imagination, ambition and an understanding of the potential of creativity
- Ideas are brought to life by a diverse, skilled and connected leadership and workforce
- Scotland is a distinctive creative nation connected to the world

As well as our ambitions there are four connecting themes that run through all aspects of our work, these are:

- Creative learning- increasing the quantity and quality of opportunity for people of all ages to learn through engagement with the arts, screen and creative industries
- Equalities and diversity- we are committed to putting equalities and diversity at the heart of all our activity, enabling people from different backgrounds, from diverse communities and of all ages to access increased opportunity through access to the arts and culture
- Digital- supporting the arts and creative sectors to fully utilise all the benefits that new digital tools can bring
- Environment- We are committed to operating in an environmentally sustainable manner and

- will work to ensure that the individuals and organisations that we support do the same

## **Review of the year**

In 2014/15 Creative Scotland committed £76.5 million of funding to the arts, screen and creative industries in Scotland made up of £46 million of Scottish Government Grant In Aid funding and £30.5 million of National Lottery funds.

During the year, Creative Scotland changed the way it distributes funding, with the aim of simplifying the process for individuals and organisations. Funding programmes are now split into three categories: regular funding, open project funding and targeted funding for specific purposes. Transition funds were made available during the year to support this change.

### **Regular funding.**

Regular Funding seeks to ensure Scotland has a wide range of arts and creative organisations through which artists and creative people can deepen and deliver their work, engagement with the public, and their professional networks. Regular funding is one of the key means by which the ambitions, priorities and connecting themes highlighted in the 10 year plan will be addressed.

2014/15 was the last year of the previous regular funding programmes run by Creative Scotland: Foundation Organisations, Annual Clients and Project Forming Programmes. During the year, eligible organisations were invited to apply for regular funding for the three year period from April 2015 to March 2018. The two stage application and decision process was the largest programme of grant funding ever assessed and awarded by Creative Scotland.

Overall, there were 119 successful applications for a budget of £100 million across the three year period, which is the largest portfolio of regularly funded arts, screen and creative industry organisations to be awarded funding in Scotland. £5.8 million was allocated from lottery to the portfolio from the 2015-16. Overall the budget required to sustain this portfolio is £100m over three years of which £15 million is from lottery funds.

During 2014/15, a transition fund of £600,000 was made available to those organisations that were unsuccessful in retaining regular funding, to allow them transition time to move onto other sources of income.

### **Open Project Funding**

In the first half of 2014/15, transitional open funds were in place covering professional development, artist's bursaries, public engagement, quality arts production, and touring, festivals and arts programming. These were a continuation of previous funding programmes, and allowed continued support for artists and organisations until the launch of the new open project fund in October 2014.

Open project funding aims to support the arts, screen and creative industries, with projects that help them explore, realise and develop their creative potential, widen access to their work, and enrich Scotland's reputation as a distinctive creative nation connected to the world. The fund is open to both individuals and artists for awards up to £150,000 and the fund awarded 162 grants consisting of £0.5 million of grant-in-aid (GIA) and £2.8 million of lottery funding during 2014/15.

## **Targeted Funding.**

Targeted funding addresses specific activities and development needs in a sector specialism, or geographic area. This includes activities in the capital programme and Film Funding. Some key examples of targeted funding during 2014/15 include:

- Film Funding- A total of £4.5 million of lottery funding was committed in 2014/15 for film funding. The largest route for funding within the fund is for production funding and in 2014/15 this provided £3.1 million in funding for 21 projects. Creative Scotland partnered with the British Film Institute (BFI) to launch the Scottish Film Talent Network, which received first year funding of £450,000. The BFI provided £200,000 of funding to match Creative Scotland's contribution of £250,000.
- Capital- the large scale capital programme continued during 2014/15, with a number of stage 2 applications receiving approval, including: the V&A Dundee (£5 million), Ayr Gaiety Theatre (£1.2 million), Dunoon Burgh Hall (£465,000) and Campbeltown Picture House (£400,000).
- Creative Scotland, in partnership with Glasgow Life and other partners delivered Culture 2014, the largest cultural programme undertaken in Scotland to accompany the Commonwealth Games. Over 600,000 people participated in 12,000 events across Scotland watched by audiences totaling 2.1 million.
- BFI Education is a three year programme of film talent development workshops across Scotland, as part of a UK-wide film academy programme for 16-19 year-olds, supported by Creative Scotland and the British Film Institute. £500,000 of funding was provided to support this activity.

These are just some examples of the range of work supported by Creative Scotland in 2014/15 in our role as funder, advocate, influencer and development body on behalf of the arts, screen and creative industries in Scotland.

## **Accounts direction**

During the year, the Department for Culture, Media and Sport proposed changes to the accounts direction, with the aim of aligning the accounting policies adopted by lottery funders with the Government Financial Reporting Manual. These changes were agreed and adopted by permission of the Scottish Ministers, by way of amendment to the schedule of additional accounting and disclosure requirements, on pages 38-40.

The main change is the removal of the requirement for Creative Scotland to exclude grants, awards and investments which had been approved but not yet fully contracted from recognised expenditure. This change has been applied by way of a prior year adjustment to the opening position for 2013/14 through the 2012/13 reserves and through the Statement of Comprehensive Income in 2013/14. The adjustments are shown in Note 2 on pages 30-31.

## **Financial Review**

Creative Scotland's share of proceeds from the National Lottery Fund during the year to 31 March 2015 was £34.8 million, (2014: £29.7 million). A total of £174,000 (2014: £79,000) was recouped from projects funded in previous years. Project income of £245,000 (2014: £1.2 million) brought the total income to £35.3 million (2014: £30.9 million). The increase in our share of proceeds from the National Lottery Fund reflects higher ticket sales in the year and a one off receipt of £1.4 million arising from the dissolution of the Olympic Lottery Distribution Fund. Other income includes project funding from the British Film Institute of £200,000 for the first year of the Scottish Film Talent Network.

Commitments relating to lottery funding entered into during 2014/15 totalled £30.4 million (2013/14 restated: £41.4 million). The reduction reflects the fact that 2014/15 was the final year of funding for Glasgow 2014 projects and also the transition to the new funding programmes. Expenditure on projects during the year was £260,000 (2013/14: £1.1 million). Expenditure on staff and other operating costs was £2.7 million (2013/14: £2.5 million). De-commitments during 2014/15 of prior year awards amounted to £1.3 million (2013/14: £460,000). Staff, overhead and related costs were recharged from Creative Scotland's grant in aid funded statements.

The net result for the period is a surplus of £3.2 million, (2013/14 restated: deficit of £13.7 million).

The net liabilities of the lottery fund as at 31 March 2015 is £7.9 million (2014 restated: £11 million). The Board and Senior Leadership Team have robust financial plans for the ongoing operation of the fund which support the going concern basis of preparation as stated in section 1c of the accounting policies on page 26.

### **Environmental Sustainability**

Creative Scotland is committed to reducing the environmental impact of its operations, as well as promoting carbon efficiency and sustainable behaviours across the arts, screen and creative industries. An environment policy sets out Creative Scotland's statutory requirements under the Climate Change (Scotland) Act 2009 and to assist the Scottish Government's target of cutting CO2 emissions by 42% by 2020.

Creative Scotland works in conjunction with Creative Carbon Scotland in promoting the environment to support funded organisations, enabling them to report on their sustainable behaviour and contribution to CO2 emission reduction. Environmental sustainability was a criterion in the assessment of applications from organisations for regular funding and carbon reporting will be mandatory for these organisations during the period of funding.

Environmental sustainability also remains a criterion in assessment of tenders during procurement processes. During 2015/16, plans are being drafted to improve carbon measurement and reduction through direct operations. More information on our environment policy can be found at [creativescotland.com](http://creativescotland.com)

### **Social, community and human rights issues**

Creative Scotland positions the work that we fund at the heart of creative, artistic, cultural, social and economic development. We contribute to the Scottish Government's aim of establishing a more equal and inclusive society and to the National Outcome (7) which states: We have tackled the significant inequalities in Scottish society.

In our 10 year plan, equalities is a key connecting theme across the five ambitions. Our plan states:

- We aim to put equalities and diversity at the heart of all our activity enabling people from different backgrounds, from diverse communities and of all ages to access increased opportunity through access to arts and culture.

We have set Equality Outcomes, which help us to address inequalities but also relate to more specific human rights challenges, including race and gender discrimination, and the rights of children and disabled people. Our funding aims to tackle inequalities and we have a specific equalities programme in our targeted fund to address persistent inequalities in arts provision, to widen participation and

address barriers to engagement in high quality arts. We also support organisations and individuals to deliver arts programmes which help to address the inequalities in society and promote human rights.

### **Breakdown of employee groups by gender**

At 31 March 2015, Creative Scotland employed 113 members of staff, and the table below shows the breakdown by employment grade across the two genders.

<b>Grade</b>	<b>Males</b>	<b>Females</b>
A	2	7
B	7	15
C	13	36
D	12	11
F	4	4
Deputy Chief Executive	1	-
Chief Executive	-	1
<b>Total</b>	<b>39</b>	<b>74</b>

### **Future developments**

In April 2014, Creative Scotland published its 10 Year Plan: Unlocking Potential Embracing Ambition: a shared plan for the arts, screen and creative industries 2014-2024. The Plan highlighted Creative Scotland's five ambitions and the priorities over the next 3 years to help achieve these ambitions. An annual plan for 2015/16 was published in July 2015.

Creative Scotland will continue to develop strategies for its three key areas of responsibility; the Arts, Screen and Creative Industries during 2015/16.

In 2015-16 Creative Scotland will further develop its Arts Strategy, drawing on the suite of completed Sector Reviews, for publication in the latter part of the year. Key tasks for 2015/16 include:

- Development of an Artistic and Creative Assessment Framework. This will assist the organisation and the sector and stakeholders to support a culture of continuous improvement and to better understand how to assess quality and excellence across the wide range of work funded by Creative Scotland
- Review of the operations of open project funding, including the funding guidance and application material, and making any adjustments to improve the process and provide further clarity as necessary
- Building on work carried out in 2014/15, a number of sector reviews and plans will be finalised and published:
  - Literature and Publishing Sector Review
  - Equalities, Diversity and Inclusion Review
  - Visual Arts Sector Review
  - International Strategy
  - Scots Language Policy
  - Creative Industries Strategy

Creative Scotland's Film Strategy 2014-17, *Creative Scotland On Screen*, was published in January 2015 and identifies priorities for the film sector over the next three years, working with industry and public partners to generate the conditions necessary to position the film sector at the heart of Scotland's economic and cultural life. Key tasks for 2015/16 include:

- Supporting the creation of a viable and sustainable film studio, which is a priority in order for Scotland to accommodate high-profile international projects
- Launch of a new £2 million fund for UK Film, High-End TV and Animation Tax Credit Advance Facility. This will provide a loan facility to qualifying productions in Scotland as an advance against the tax credit scheme to assist producers in completing the finance of their projects and move them towards production
- Film Education, and Talent and Skills Development will be supported through the launch of a new £1 million Screen Skills Fund Scotland

Building upon work undertaken in 2014/15 to develop a creative industries framework, Creative Scotland will finalise and publish a creative industries strategy. This will include consultations with creative businesses, the public and other partners in order to deliver a strategy that best meets the needs of the sector.

Creative Scotland will continue to emphasise the value that public funding of the arts, screen and creative industries delivers and will further enhance its communications approach to ensure that this is better understood.



**Janet Archer**  
**Chief Executive of Creative Scotland and Accountable Officer**  
**24 September 2015**

## Remuneration Report

The Chair, Board and Chief Executive are appointed by the Scottish Ministers. The Chair and Board receive no remuneration, the Chair having declined the offer of a remuneration package linked to the role. Incidental travel and subsistence expenditure are reimbursed to Board members in accordance with established expenses policies. Board expenses for the year to 31 March 2015 were £2,325 (2013/14: £5,424).

The Chief Executive's remuneration arrangements comply with the Scottish Government Public Sector Pay Policy for Senior Management. Senior management's remuneration falls within the organisations' pay grades. Individual objectives are set for all senior management, by the Chief Executive. The Chief Executive's objectives are set by the Chair, and ratified by the Finance and General Purposes Committee. Satisfactory performance by attainment of set objectives is decided at the end of the objective period, in one to one meetings with the Chief Executive for the senior manager and by the Chair and Finance and General Purposes Committee for the Chief Executive. Proposed remuneration increases are submitted to the Finance and General Purposes Committee through the pay remit process before formal submission to the Scottish Government for approval.

Under 5.2.21 of the FReM the following sections of this report are subject to audit: remuneration, pension, salary and allowances, benefits in kind, CETV and Pension payment.

### Salary entitlements of the Senior Leadership Team

Name	2014/15				2013/14			
	Salary/ (Bonus) £'000	Benefit in kind £'000	Pension Benefits £'000	Total	Salary/ (Bonus) £'000	Benefit in kind £'000	Pension Benefits £'000	Total
Janet Archer Chief Executive	110-115 (0)	-	25-30	140-145	75-80 (0)	5-10	20-25	100-105
Iain Munro Deputy Chief Executive	85-90 (0)	-	80-85	165-170	75-80 (0)	-	55-60	135-140
Kenneth Fowler Director of Communications	70-75 (0)	-	20-25	90-95	65-70 (0)	-	15-20	80-85
Karen Lannigan Director of HR & Office Services	60-65 (0)	-	25-30	85-90	50-55 (0)	-	20-25	75-80
Ian Stevenson Director of Finance	55-60 (0)	-	15-20	70-75	50-55 (0)	-	10-15	65-70
Leonie Bell Director of Arts & Engagement	55-60 (0)	-	25-30	85-90	50-55 (0)	-	15-20	65-70
Phillip Deverell Director of Strategy	55-60 (0)	-	10-15	70-75	10-15 (0)	0-5	0-5	15-20
Gerard Kelly Director of Funding Operations	55-60 (0)	-	10-15	70-75	10-15 (0)	-	0-5	15-20
Natalie Usher <sup>1</sup> Director of Screen (from 20 May 2014)	40-45 (0)	0-5	10-15	50-55	-	-	-	-
Caroline Parkinson <sup>2</sup> Director of Creative Industries (to 29 August 2014)	25-30 (0)	-	5-10	30-35	65-70 (0)	-	15-20	80-85

1- Full year FTE salary is in the range £55,000 to £60,000

2- Full year FTE salary was in the range £65,000 to £70,000

## Salary

'Salary' includes gross salary; overtime; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by Creative Scotland to the individuals.

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by Creative Scotland and treated by HM Revenue and Customs as a taxable emolument, as well as any non-taxable emoluments not subject to taxation. During the year, Creative Scotland paid benefits in kind for re-location expenses for the Director of Screen, who re-located to Edinburgh for their role.

## Bonus

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses are recorded according to the year in which they are paid. No bonuses were paid during the period (2013/14- Nil).

## Pension benefits

Pension benefits are calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum, less contributions made by the member.

### Senior staff pension accrued as at 31 March 2015 and 31 March 2014:

Name	Accrued pension (lump sum) 31 March 2015 £'000	Accrued pension (lump sum) 31 March 2014 £'000	Real increase in pension (lump sum) £'000	CETV 31 March 2015 £'000	CETV 31 March 2014 £'000	Real increase in CETV £'000
Janet Archer	0-5 (5-10)	0-5 (0-5)	0-5 (0-5)	46	15	23
Iain Munro	15-20 (55-60)	15-20 (45-50)	0-5 (10-15)	315	193	56
Caroline Parkinson	0-5 (5-10)	0-5 (5-10)	0-5 (0-5)	57	36	5
Kenneth Fowler	0-5 (5-10)	0-5 (5-10)	0-5 (0-5)	52	25	15
Karen Lannigan	5-10 (5-10)	5-10 (5-10)	0-5 (0-5)	80	62	11
Ian Stevenson	0-5 (5-10)	0-5 (0-5)	0-5 (0-5)	31	7	10
Leonie Bell	0-5 (10-15)	0-5 (5-10)	0-5 (0-5)	59	26	18
Philip Deverell	0-5 (0-5)	0-5 (0-5)	0-5 (0-5)	15	2	11
Gerard Kelly	0-5 (0-5)	0-5 (0-5)	0-5 (0-5)	16	2	11
Natalie Usher	0-5 (0-5)	-	0-5 (0-5)	8	-	7

## Pension scheme

Pension benefits are provided through the Arts Council Retirement Plan (1994) for Creative Scotland and legacy Scottish Arts Council staff. Legacy Scottish Screen staff are members of the Strathclyde Pension Fund. The members of the Senior Management Team are members of the two schemes on the same basis as other employees.

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of a pension benefit in another scheme or arrangement which the individual has transferred to Creative Scotland's pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost.

CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take into account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real increase in CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### **Exit packages**

There were no exit packages in 2014/15 or 2013/14.

### **Median pay multiples**

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in Creative Scotland in the financial year 2014/15 was £110,000 to £115,000 (2013/14: £110,000 to £115,000). This was 3.6 times (2013/14: 4.1 times) the median remuneration of the workforce, which was £31,324 (2013/14: £29,145). In 2014/15 there were no employees receiving remuneration in excess of the highest-paid director (2013/14: none).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.



**Janet Archer**  
**Chief Executive of Creative Scotland and Accountable Officer**  
**24 September 2015**

## **Statement of Accountable Officer's responsibilities**

Under Section 35 of Part II the National Lottery etc Act 1993, the Scottish Government has directed Creative Scotland to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Creative Scotland and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Scottish Government, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- and prepare the financial statements on a going concern basis.

The Accountable Officer of the Scottish Government's Governance and Communities Directorate has designated the Chief Executive as Accountable Officer of Creative Scotland. The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding Creative Scotland's assets, are set out in the Accountable Officer's Memorandum issued by Scottish Ministers.



**Janet Archer**  
**Chief Executive of Creative Scotland and Accountable Officer**  
**24 September 2015**

## **Governance Statement**

### **Scope of Responsibility**

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives set by the Scottish Ministers, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

### **Governance framework**

Creative Scotland's governance framework is based on the legislative powers of the organisation as stated in the Public Services Reform (Scotland) Act 2010 and the Financial Memorandum with the Scottish Government.

The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety. Creative Scotland applies relevant sections of the SPFM to its governance framework arrangements.

The Board has corporate responsibility for ensuring that Creative Scotland fulfils the aims and objectives set by the Scottish Ministers. The Board is supported in its activities by three standing committees: the Audit and Risk Committee; the Finance and General Purposes Committee (previously known as the Remuneration and Governance Committee); and the Chairs' Committee. The purpose of the Chairs' Committee is to give the Board the flexibility to deal with matters out with the programmed Board meeting schedule. As is good practice, terms of reference are in place for the Board and its standing committees. These pull together the Board's statutory and regulatory responsibilities, as detailed within key governance documentation including the Public Services Reform (Scotland) Act 2010 and Creative Scotland's Management Statement and Financial Memorandum.

### **Operation of the Board**

During 2014-15, the Board met on 5 occasions in line with its agreed schedule of meetings. During the year the Board approved the organisations to be included in regular funding for the years 15/16, 16/17 and 17/18, the new open funding process, several large scale capital applications, the staff structure refresh, and the 2015/16 annual plan and budget.

The Audit and Risk Committee met four times during the year and is responsible for reviewing and monitoring all aspects of and issues relating to the preparation and production of all annual financial statements for Creative Scotland, including consideration of accounting policies, levels of disclosure, risk management policies, internal control systems, compliance with applicable corporate governance requirements and reviewing any relevant matters relating to financial statements and reports raised by external or internal auditors as a result of their audit work.

The Finance and General Purposes Committee met 5 times during the year to review financial performance, the performance against objectives and set remuneration for the Chief Executive; consider and approve proposals on remuneration for staff, via review of pay remit submissions and consider and scrutinise budgets at a detailed level.

The Chairs' Committee met once in the period. The Committee continued to support the Board by allowing flexibility to deal with significant matters arising throughout the year in a timely manner. All findings are reported to the Board at the next scheduled meeting.

All activities undertaken by committees are reported to the Board through presentation and discussion of committee minutes, with matters escalated as required.

### **Assessment of corporate governance in the period**

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation's policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of the organisation's policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The process within the organisation accords with guidance from the Scottish Ministers provided in the Scottish Public Finance Manual and has been in place for the year ended 31 March 2015 and up to the date of approval of the annual report and financial statements.

The Accountable Officer is responsible for reviewing the effectiveness of the system of internal control and is informed by:

- the executive managers who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditors, who submit to the organisation's Audit and Risk Committee regular reports which include an independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement;
- comments made by the external auditors in their management letters and other reports.

All recommendations from Internal and External audit are responded to by management and both the recommendations and responses for implementation are reviewed by the Audit and Risk Committee before being either approved or amended, for implementation. The findings from audit are then reported to the Board. The independent Internal Auditor's Annual Report found that Creative Scotland has a framework of governance, risk management and control, including operational, financial and ICT controls, which provide reasonable assurance regarding the effective and efficient achievement of the organisation's objectives.

More generally, the organisation is committed to a process of continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice in this area. In particular, in the period covering the year to 31 March 2015 and up to the signing of the financial statements, the organisation has continued progressing through transition, in the development and establishment of effective and appropriate systems, processes and controls.

The change in funding programmes during the year to 3 routes: regular, open and targeted has simplified operations enabling improvements in grant processing and reporting.

### **Risk management**

The Accountable Officer and Board have ultimate responsibility for the control of all identified organisational risks.

The Business Risk Assessment Register identifies the organisation's risks and relevant the control strategy for each. The Business Risk Assessment Register has been developed in line with relevant

guidance issued by the Scottish Ministers and with clearly defined processes and specific areas of responsibility.

There is an established process for the register to be reviewed and updated to reflect any changes in potential risks and or developments of the controls in place. Risk management is a regular agenda item at senior management meetings and risk management is fully incorporated into the corporate planning and decision making processes of the organisation. The Register is a standing item at each Audit and Risk Committee meeting and in addition to ongoing reporting through the Audit and Risk Committee minutes the Register is also presented annually in full to the Board.

To ensure effective daily control, each identified risk is allocated to one or more members of the senior management team, based on their appropriate skills/knowledge within the area concerned and they have responsibility to ensure that current controls are maintained. Initiatives for improvement are undertaken and that any new risks identified within their areas or within the wider organisation are immediately highlighted to the Accountable Officer/Chief Executive. To fully support the senior management in this process, any newly identified risks; decisions on controls, new initiatives, reviews of risks and re-assessment controls etc. are discussed at the management team meetings and further guidance is given before any action is taken.



**Janet Archer**  
**Chief Executive of Creative Scotland and Accountable Officer**  
**24 September 2015**

## **Independent auditor's report to the members of Creative Scotland, the Auditor General for Scotland and the Scottish Parliament**

We have audited the financial statements of Creative Scotland National Lottery Distribution fund for the year ended 31 March 2015 under the National Lottery etc. Act 1993. The financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows and the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2014/15 Government Financial Reporting Manual (the 2014/15 FReM).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Respective responsibilities of Accountable Officer and auditor**

As explained more fully in the Statement of the Accountable Officer's Responsibilities the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

### **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 body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements, irregularities, 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 in accordance with the National Lottery etc. Act 1993 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2015 and of its net retained surplus for the year then ended;

- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2014/15 FReM; and
- have been prepared in accordance with the requirements of the National Lottery etc. Act 1993 and directions made there under by the Scottish Ministers.

**Opinion on regularity**

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

**Opinion on other prescribed matters**

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the National Lottery etc. Act 1993 and directions made thereunder by the Scottish Ministers; and
- the information given in the Strategic Report and Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we required to report by exception**

We are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Governance Statement does not comply with guidance from the Scottish Ministers.

We have nothing to report in respect of these matters.

**Hugh Harvie**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
191 West George Street  
Glasgow  
G2 2LJ

29 September 2015

## Statement of Comprehensive Income

For the year ending 31 March 2015

	Notes	2014/15 £'000s	2013/14 (Restated) £'000s
<b>Income</b>			
National Lottery Fund proceeds	3	34,882	29,689
Other income	4	419	1,238
		<u>35,301</u>	<u>30,927</u>
<b>Expenditure</b>			
Grants	5	30,444	41,409
Less: de-commitment of prior year grants		(1,313)	(460)
Project expenditure		260	1,130
Staff costs	6	1,788	1,661
Other operating expenditure	7	951	848
		<u>32,130</u>	<u>44,588</u>
<b>Surplus/(Deficit)</b>		<u>3,171</u>	<u>(13,661)</u>

All the results of the Fund relate to continuing activities.

The notes on pages 26 to 37 form part of these annual report and financial statements.

## Statement of Financial Position

As at 31 March 2015

	Notes	31 March 2015 £'000s	31 March 2014 (Restated) £'000s
<b>Current assets</b>			
Trade and other receivables	8	216	225
Loan receivables	9	75	76
Investments in the NLDF	10	18,519	19,106
Cash and cash equivalents	11	724	79
<b>Total current assets</b>		<b><u>19,534</u></b>	<b><u>19,486</u></b>
<b>Current liabilities</b>			
Trade and other payables	12	<u>20,398</u>	<u>26,346</u>
<b>Total current liabilities</b>		<b><u>20,398</u></b>	<b><u>26,346</u></b>
<b>Net current liabilities</b>		<b><u>(864)</u></b>	<b><u>(6,860)</u></b>
<b>Non-current liabilities</b>			
Trade and other payables	12	6,945	4,120
Provisions	13	70	70
<b>Total non-current liabilities</b>		<b><u>7,015</u></b>	<b><u>4,190</u></b>
<b>Net liabilities</b>		<b><u>(7,879)</u></b>	<b><u>(11,050)</u></b>
<b>Reserves</b>		<b><u>(7,879)</u></b>	<b><u>(11,050)</u></b>

The Accountable Officer authorised these financial statements for issue on 24 September 2015.



**Janet Archer**  
Chief Executive of Creative Scotland and Accountable Officer  
24 September 2015

The notes on pages 26 to 37 form part of these annual report and accounts.

## Statement of Cash Flows

	Notes	2014/15	2013/14 (Restated)
		£'000s	£'000s
<b>Cash flows from operating activities</b>			
(Deficit) / surplus on ordinary activities		3,171	(13,661)
<i>Movements in working capital</i>			
Decrease/(Increase) in trade receivables		11	(75)
(Decrease)/Increase in trade payables		(3,124)	4,451
(Decrease)/Increase in provisions		-	-
Decrease/(Increase) in NLDF investments		587	9,127
<b>Net cash flow from operating activities</b>		<u><b>(2,526)</b></u>	<u><b>13,503</b></u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<u><b>645</b></u>	<u><b>(158)</b></u>
<b>Net cash and cash equivalents as at 1 April</b>		79	237
<b>Net cash and cash equivalents as at 31 March</b>		724	79

## Analysis of changes in net funds

	Cash at bank and in hand	Net cash and cash equivalents
<b>1 April 2014</b>	79	79
Cash flows	645	645
<b>31 March 2015</b>	<u><b>724</b></u>	<u><b>724</b></u>

## Statement of Changes in Taxpayers' Equity

	2014/15	2013/14 (Restated)
	£'000s	£'000s
<b>Opening general reserve at 1 April</b>	(11,050)	2,611
Transferred from Statement of Comprehensive Income	3,171	(13,661)
<b>Closing general reserve at 31 March</b>	<u><b>(7,879)</b></u>	<u><b>(11,050)</b></u>

The notes on pages 26 to 37 form part of these annual report and financial statements.

## Notes to the financial statements

*(Forming part of the financial statements)*

### 1. Accounting Policies

#### a) Basis of accounting and preparation

In accordance with the accounts direction issued by Scottish Ministers under section 35 of part II of the National Lottery etc. Act 1993, these financial statements have been prepared in accordance with the 2013/14 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) and IFRIC Interpretations as adapted or interpreted for the public sector context.

The financial statements are prepared using accounting policies, and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles, set out in International Accounting Standard 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. Changes in accounting policies which do not give rise to a prior year adjustment are reported in the relevant note.

Creative Scotland has made a prior year adjustment to the opening position for 2013/14 through the 2012/13 reserves and through the Statement of Comprehensive Income in 2013/14. This was in relation to a change in the appendix to accounts direction which was agreed to by Scottish Ministers and which removed the requirement for Creative Scotland to exclude grants, awards and investments which had been approved internally but not yet fully contracted with the applicant. Full details are given in Note 2.

The particular policies adopted by Creative Scotland are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### b) Accounting Convention

These accounts have been prepared under the historical cost convention.

#### c) Going Concern

These accounts have been prepared on the going concern basis. The Board is of the view that the financial plan for the future operation of the fund provides an adequate level of assurance that the going concern basis remains appropriate. This financial plan provides assurance around how the net liabilities position will be resolved in the forthcoming years and includes scenarios as to how variances in future income levels would be addressed. The settlement of commitments will be met by continuing cashflow from lottery proceeds and sufficient cash will be maintained to meet commitments as they fall due.

#### d) Accruals Convention

All income and expenditure is taken into account in the financial year to which it relates.

Projects awarded over a multi-year basis are accounted for on an annualised basis whereby awards are spread across the financial years of the project as outline in the contract.

#### e) Accounting for funding awards

Grants are recognised when these are approved unless there are conditions which may reasonably stop the payment of future instalments of the grant. Projects awarded over a multi-year basis are accounted for on an annualised basis whereby awards are spread across the financial years of the project.

Grants which have been approved but not recognised, are disclosed in Note 16.

**f) Project development awards**

Creative Scotland makes awards which are for the development of projects to progress them to production. Some or all of these awards may be repayable in the event of a project reaching completion. Income is only accrued when the repayment conditions are fulfilled.

**g) Property, Plant & Equipment (PPE)**

No property, plant and equipment are held solely for Lottery use.

**h) National Lottery Distribution Fund**

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media & Sport. However, the share of these balances attributable to Creative Scotland is as shown in the Accounts and, at the Statement of Financial Position date has been certified by the Secretary of State for Culture, Media & Sport as being available for distribution by the body in respect of current and future commitments subject to:

- Completion of the Statement of Assurance of Payments due to the National Lottery Distribution Fund for 2014/15 by the National Lottery Commission.
- Completion of the audit of the National Lottery Distribution Fund accounts for 2014/15 by the National Audit Office.
- The NLDF balance is brought to account at market value reflecting the requirements of IFRS.

**i) Business Development Loans**

Business Development Loans are provided to Scottish based companies who contribute to the development of the screen sector with an opportunity to sustain, develop or grow an aspect of their business for a period of up to two years, without having to repay the loan or interest during this period. At the point at which the loan is made (satisfying the definition of a hard commitments) it is taken to the Statement of Financial Position initially at the full value of the award made. The loans are determined using discounted future cash flows. The asset value is reduced in line with the repayment schedule. It is anticipated that the investments will be recovered in full as the company will not be eligible to apply for further funding if repayments are not made.

**j) Financial instruments**

Creative Scotland measures and presents financial instruments in accordance with International Accounting Standards 32 and 39 and International Financial Reporting Standard 7 as interpreted by the Government Financial Reporting Manual (FRM). IFRS 7 requires the classification of financial instruments into separate categories for which the accounting treatment is different. Creative Scotland has classified its financial instruments as follows:

**Financial Assets**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. Receivables comprise cash and cash equivalents, trade and other receivables and in the statement of financial position. Receivables are recognised at cost. A provision for impairment of loans and receivables is established when there is objective evidence that the Board will not be able to collect all amounts due according to the original terms of the receivables.

**Other financial liabilities**

Other financial liabilities are included in current liabilities or non-current liabilities as appropriate. Other financial liabilities comprise trade and other payables. Other financial liabilities are recognised at cost.

## **Recognition and measurement**

Financial liabilities are recognised when Creative Scotland becomes party to the contractual provisions of the financial instrument. A financial liability is removed from the statement of financial position when it is extinguished, that is when the obligation is discharged, transferred, cancelled or expired.

### **Embedded Derivatives**

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit and loss

### **k) Pensions**

#### **Creative Scotland as an employer**

Pension costs for Creative Scotland staff are recharged to the Lottery Fund for staff employed on lottery related activities. Past employees of Scottish Screen are covered by the provisions of the Strathclyde Pension Scheme and past employees of the Scottish Arts Council are covered by the Arts Council Retirement Plan 1994. On 1 July 2010 the Strathclyde Pension Scheme was closed to new members of Creative Scotland and all new starts are now admitted to the Arts Council Retirement Plan 1994.

As Creative Scotland is the employer of staff, the pension schemes are accounted for under International Accounting Standard 19 (revised), *Employee Benefits*, within the financial statements of Creative Scotland. Within the Lottery Fund therefore, the recharged share of the pension contributions is expensed to the Statement of Comprehensive Income in the year.

### **l) Provisions**

Provisions are made for legal or constructive obligations which are of uncertain timing or amount at the statement of financial position date on the basis of the best estimate of the expenditure required to settle the obligation. Where material they have been discounted using the appropriate discount rate as prescribed by HM Treasury.

### **m) Segmental Reporting**

IFRS 8, *Operating Segments*, requires operating segments to be identified on the basis of internal reports about components of the Fund that are regularly reviewed by the chief decision maker in order to allocate resources to the segments and assess their performance.

### **n) Cash and Cash Equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### **o) Short Term Employee Benefits**

Short term employee benefits for Creative Scotland staff are recharged to the Lottery Distribution Fund for staff employed on lottery related activities. A liability and an expense is recognised for holiday days, holiday pay, non-consolidated performance related pay and other short-term benefits when the employees render service that increases their entitlement to these benefits. As a result an accrual has been made for holidays earned but not taken.

**p) VAT**

Creative Scotland is not registered for VAT and therefore does not charge VAT on supplies or reclaim VAT on eligible expenditure.

**q) Corporation tax**

Creative Scotland is liable for corporation tax on its taxable activities. Corporation tax figures for 2014/15 have been based on the advice of our tax advisors and correspondence with Her Majesty's Revenue and Customs.

**r) IFRSs not applied in Financial Statements**

The following Adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 9 *Financial Instruments*
- IFRS 16 *Revenue from contracts*
- IFRS 13 *Fair Value Measurement*
- IAS 36 *Impairment of assets*

## 2 Restatement

During 2014/15, the Department for Culture, Media and Sport issued revised accounts directions to lottery funders. The revisions removed the requirements to account for grant commitments under the special categories of 'hard', 'soft' and 'other' and instead all grant commitments should be accounted for under international accounting standards as defined by the Government's Financial Reporting Manual. The Scottish Ministers decided not to issue a new accounts direction to Creative Scotland, but consented to the new requirements by way of updating the appendix to the accounts direction.

The impact for Creative Scotland is that the accounting policy for lottery grant commitments has now changed. Whereby in previous years, we would only recognise commitments at the 'hard' stage in the accounts, we now recognise all grants when they have been approved and a contract has been issued to the applicant.

Under IAS 8, *Accounting policies changes in accounting estimates and errors*, adjustments to prior periods are required for changes to accounting policies. The change in accounting policy has been implemented by adjusting the opening position for 2012-13 through the reserves. The following note shows the changes in award commitments under the restatement.

Adjustment to 2013-14 opening balances	31 March 2013	Adjustments	1 April 2013 (restated)
	£'000	£'000	£'000
Grant commitments			
Current	12,502	8,870	21,372
Non-current	5	3,525	3,530
Total	<u>12,507</u>	<u>12,395</u>	<u>24,902</u>
Reserves	<u>15,006</u>	<u>(12,395)</u>	<u>2,611</u>

The 2013-14 opening balance as at 1 April 2013 was revised to recognise all eligible 'soft' and 'other' grant commitments at that date. This reflects the total balance disclosed in the 2012-13 accounts for 'soft' and 'other' of £12,395,000

Adjustment to 2013-14 closing balances	Net grant adjustments	31 March 2014 (restated)
	£'000	£'000
Grant commitments		
Current	21,372	3,800
Non-current	3,530	590
Total	<u>24,902</u>	<u>4,390</u>
		<u>29,292</u>

The 2013-14 closing balance was revised to reverse those accounting entries in the 2013-14 accounts relating to 'soft' and 'other' grants originally accounted for in that year. This reflects the recognition of 'soft' and 'other' awards disclosed in the 2013-14 accounts, but excludes those awards which are now recognised as being accounted for in previous financial years due to the adjustment of the 2013-14 opening balance.

<b>Adjustment to 2013-14 Statement of Comprehensive Income</b>	<b>2013-14 (published accounts)</b>	<b>Adjustments</b>	<b>2013-14 (restated)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Grants	43,161	(1,752)	41,409
De-commitment of prior year grants	(145)	(315)	(460)
<b>Total</b>	<u>43,016</u>	<u>(2,067)</u>	<u>40,949</u>
Deficit for the year	<u>(15,728)</u>	<u>2,067</u>	<u>(13,661)</u>

The 2013-14 Statement of Comprehensive Income was then revised to reflect the total grant commitments made in the year under the new accounts direction by adding in new grants previously considered 'soft' and 'other' and removing grants that were previously considered becoming 'hard' in 2013-14 but now accounted for in the revised opening balance as at 1 April 2013.

### 3 National Lottery proceeds

	<b>2014/15</b>	<b>2013/14</b>
	<b>£'000s</b>	<b>£'000s</b>
Share of income from NLDF	34,742	30,067
Investment income	140	138
Movement in revaluation reserve	-	-
Adjustment to 2012-13 opening balance	-	(516)
<b>Total National Lottery proceeds</b>	<u><b>34,882</b></u>	<u><b>29,689</b></u>

National Lottery proceeds are notified to Creative Scotland by the Department of Culture, Media and Sport (DCMS).

### 4 Other income

	<b>2014/15</b>	<b>2013/14</b>
	<b>£'000s</b>	<b>£'000s</b>
British Film Institute	200	-
Project Income	45	1,159
Award repayments	174	79
<b>Total other income</b>	<u><b>419</b></u>	<u><b>1,238</b></u>

The British Film Institute contributed £200,000 in funding towards the Scottish Film Talent Network, a joint project with Creative Scotland.

Other project income was received from the Paul Hamlyn Foundation for Artworks Scotland.

Award repayments represent payments due to the Fund from royalties etc. from investments in film and media productions.

**5 Grant commitments**

	<b>2014/15</b>	<b>2013/14</b>
	<b>£'000s</b>	<b>Restated £'000s</b>
<b>Regular</b>		
Flexible Funded Organisation	-	118
Project Forming Programmes	4,989	4,878
Network Agencies and Annual Clients	-	2,088
<b>Open Funds (including transitional funds)</b>		
Quality Artistic Production	2,888	6,599
Touring, Festivals & Events	1,432	3,548
Public Engagement	500	2,729
Professional Development	216	-
Public Art	579	-
Artists Bursaries	750	-
Open project funding	2,826	-
<b>Targeted</b>		
Film & Broadcasting	4,525	4,803
BFI Education	500	-
Capital	7,141	693
Place	548	881
National Events 2012/14	1,313	8,672
Celebrate	983	-
Get Scotland Dancing	140	-
Creative Learning Plan	104	-
Equalities	123	-
Transition Funds (targeted)	636	-
Targeted Funds	255	-
Awards for All	(4)	500
<b>Legacy programmes</b>		
Sector Development	-	488
Cross Cutting Themes	-	155
Education Strategic Development	-	53
Equalities - Strategic Development	-	215
Cultural Economy	-	3,281
Artists & Creative Talent	-	1,708
<b>Total award commitments</b>	<b><u>30,444</u></b>	<b><u>41,409</u></b>

As noted on page 9, Creative Scotland's funding streams were simplified during 2014/15 into three categories: regular, open and targeted. The existing regular funded programmes continued during the year while the application process for regular funding from 2015 to 2018 took place. In addition there was a number of continuing transitional open funds in operation in the first half of the year until open project funding launched in September 2014.

## 6 Staff costs

	2014/15	2013/14
	£'000s	£'000s
<b>Staff costs during the year</b>		
Wages and salaries	1,387	1,306
Social security costs	106	102
Pension costs	273	270
Holiday accrual	22	(17)
<b>Total staff costs</b>	<u>1,788</u>	<u>1,661</u>

All employment contracts are with Creative Scotland, and relevant amounts are recharged to the Fund based on a recharge methodology. The recharge for the year was 40% (2013/14: 40%).

## 7 Other operating expenditure

	Direct 2014/15 £'000s	Recharged 2014/15 £'000s	Total 2014/15 £'000s	Total 2013/14 £'000s
HR costs	-	62	62	-
Establishment costs	-	313	313	379
ICT costs	-	54	54	56
Operations costs	-	2	2	2
Office services costs	-	40	40	37
Audit fees	30	9	39	42
Central services costs	-	187	187	-
Legal & professional fees	91	-	91	113
Communications costs	7	-	7	14
External Relations	58	-	58	47
Direct delivery (inc. external assessors)	58	-	58	83
Policy and Research	40	-	40	28
Awards for all overheads	-	-	-	47
<b>Total other operating expenditure</b>	<u>284</u>	<u>667</u>	<u>951</u>	<u>848</u>

## 8 Trade receivables and other current assets

	31 March 2015	31 March 2014
	£'000s	£'000s
Trade receivables	109	217
Sundry	107	8
<b>Total trade receivables and other current assets</b>	<u>216</u>	<u>225</u>

**9            Loan receivables**

	<b>31 March 2015</b>	<b>31 March 2014</b>
	<b>£'000s</b>	<b>£'000s</b>
Balance at 1 April	76	78
New loan advances in the year	-	-
Repayments	<u>(1)</u>	<u>(2)</u>
<b>Balance at 31 March</b>	<b><u>75</u></b>	<b><u>76</u></b>

Loan receivables consist of Business Development Loans that were provided by Scottish Screen to a number of organisations for the purposes of providing financial support, and any new loan advances made by Creative Scotland.

**10           Investment balance in the NLDF**

	<b>31 March 2015</b>	<b>31 March 2014</b>
	<b>£'000s</b>	<b>£'000s</b>
Balance at 1 April	19,106	28,233
Adjustment to opening balances	-	(516)
Brought forward balance	<u>19,106</u>	<u>27,717</u>
Lottery proceeds	34,742	30,067
Investment income	140	138
Funds drawn down	<u>(35,469)</u>	<u>(38,816)</u>
Carried forward to 31 March	<u>18,519</u>	<u>19,106</u>
Movement in revaluation reserve	-	-
<b>Balance at 31 March</b>	<b><u>18,519</u></b>	<b><u>19,106</u></b>

The closing market value as at 31 March 2015 reflects the balances available to the Fund from the National Lottery Distribution Fund as advised by the interim statement of balance provided by the Secretary of State for Culture, Media and Sport.

In accordance with the National Lottery etc. Act 1998, National Lottery income receivable by Creative Scotland is passed by the NLDF to the Commissioners for the Reduction of National Debt (CRND) whose role is to apportion funds received into the NLDF correctly between the distributing bodies; and to invest the funds held in the NLDF, in accordance with directions issued by HM Treasury, until such time as they are required by the bodies to make payments to successful grant applicants.

The CRND invest the income in a narrow band of low risk assets such as government bonds and cash. Creative Scotland has no control over the investment of funds on their behalf. The management of the National Lottery Distribution Fund meets with representatives of the Commissioners for the Reduction of National Debt on a regular basis to manage the risks associated with the investment of these monies

## 11 Cash and cash equivalents

The following balances at 31 March were held at:

	<b>31 March 2015 £'000s</b>	<b>31 March 2014 £'000s</b>
Commercial banks	724	79
Cash in hand	-	-
<b>Balance at 31 March</b>	<b><u>724</u></b>	<b><u>79</u></b>

## 12 Trade payables and other current liabilities

	<b>31 March 2015 £'000s</b>	<b>31 March 2014 (Restated) £'000s</b>
Trade creditors	444	30
Grants outstanding	19,410	25,172
Accruals	446	920
Due to Creative Scotland	98	224
<b>Balance at 31 March</b>	<b><u>20,398</u></b>	<b><u>26,346</u></b>

### Non-current liabilities

	<b>31 March 2015 £'000s</b>	<b>31 March 2014 (Restated) £'000s</b>
Grants outstanding	<b><u>6,945</u></b>	<b><u>4,120</u></b>

## 13 Provisions

	<b>Dilapidations 2015 £'000s</b>	<b>Total 2015 £'000s</b>	<b>Total 2014 £'000s</b>
Balance at 1 April	70	70	122
Arising in the year	-	-	(78)
Utilised in the year	-	-	70
Reversal	-	-	(44)
<b>Balance at 31 March</b>	<b><u>70</u></b>	<b><u>70</u></b>	<b><u>70</u></b>

The Dilapidation provision relates to the costs of reinstatement under the leases for our Glasgow office, and is based on an externally commissioned report. The provision will be utilised towards the end of the lease terms subject to negotiation with the landlords.

#### 14 Grants outstanding

	2014/15	2013/14
	£'000s	Restated £'000s
Balance at 1 April	29,293	24,901
De-commitment of prior year awards	(1,212)	(434)
Committed in year	29,518	40,909
Paid in year	<u>(31,244)</u>	<u>(36,084)</u>
<b>Balance at 31 March</b>	<b><u>26,355</u></b>	<b><u>29,292</u></b>

	2014/15	2013/14
	£'000s	Restated £'000s
Balance due within one year	19,410	25,172
Balance due between one year and five years	6,945	4,120
Balance due over five years	-	-
<b>Balance at 31 March</b>	<b><u>26,355</u></b>	<b><u>29,292</u></b>

#### 15 Grant commitments not included as liabilities in the Statement of Financial Position

	31 March 2015
	£'000s
Regular Funded Organisations (2015-2018)	17,526
Large Scale Capital Programme- Stage 2	<u>8,811</u>
<b>Balance at 31 March</b>	<b><u>26,337</u></b>

Regular Funded Organisations applied for funding during 2014-15, and were awarded a total of £100 million in funding over the period 1 April 2015 to 31 March 2018 which is to be provided from Scottish Government Grant in Aid (£82.5 million) and National Lottery income (£17.5 million). The funding for the financial years ending 31 March 2017 and 31 March 2018 are subject to budget availability and the satisfactory negotiation of a funding agreement with individual organisations for each of these financial years.

The Large Scale Capital Programme is awarded over two stages, with the first stage comprising of development funds. Successful applicants at the first stage have their stage 2 funding ringfenced, and final award is subject to a successful application. The total for outstanding stage 2 applications awaiting a final decision as at 31 March 2015 is £8.8 million.

#### 16 Financial instruments

International Accounting Standard 32, *Financial Instruments: Presentation*, requires disclosure of financial instruments 'that are complex or play a significant medium to long-term role in the financial risk profile' that the Fund faces in undertaking its activities. Cash requirements for lottery expenditure are met by drawing down against monthly forecasts of need from the balances held on behalf of Creative Scotland by the National Lottery Distribution Fund (NLDF).

At 31 March 2014, the balance held at the NLDF was £19.1 million. This has decreased to £18.5 million by 31 March 2015, at which point there were £29.3 million of grant commitments yet to be paid out. In budgeting for current expenditure Creative Scotland balances the anticipated outflow of cash payments against grant commitments along with forward forecasts of Lottery income.

**16 a) Liquidity risk**

During the financial year, 99% of the Fund's income derived from National Lottery proceeds. The remaining income is derived from bank interest and award repayments of 0.4%, and from other income in relation to the project income, of 0.6%.

**16 b) Cash flow projections over the next financial year**

We do not believe that we are exposed to significant liquidity risks, and are satisfied that we have sufficient current liquid resources to cover our projected payments over the next financial year.

**16 c) Interest rate risk**

In accordance with the National Lottery etc. Act 1998, National Lottery income receivable by Creative Scotland is passed by the NLDF to the Commissioners for the Reduction of National Debt (CRND) whose role is to apportion funds received into the NLDF correctly between the distributing bodies; and to invest the funds held in the NLDF, in accordance with directions issued by HM Treasury, until such time as they are required by the bodies to make payments to successful grant applicants. The CRND invest the income in a narrow band of low risk assets such as government bonds and cash. Creative Scotland has no control over the investment of funds on their behalf. The management of the National Lottery Distribution Fund meets with representatives of the Commissioners for the Reduction of National Debt on a regular basis to manage the risks associated with the investment of these monies.

At the balance sheet date, the market value of Creative Scotland's share of the National Lottery Distribution Fund was £18.5 million. In the year, the average return on these investments was 0.5%.

Cash balances which are drawn down by Creative Scotland from the National Lottery Distribution Fund to pay grant commitments and operating costs are held in a business current account. The cash balance at the year-end was £724,000. We consider that we are not exposed to significant interest rate risks on our cash balances.

**16 d) Foreign currency risk**

Our exposure to foreign currency risk is not significant as less than 1% of transactions by value are processed in currencies other than sterling when compared to total operating costs.

**17 Related party transactions**

All transactions with related parties are completed at arms-length and the relevant party does not take part in the decision.

Related party transactions in respect of Creative Scotland are detailed in the Financial Statements for the year ended 31 March 2015. During the year, Creative Scotland invoiced the Lottery Distribution Fund for £2.4 million in respect of recharges for the year for staff, overhead and related costs. The Scottish Government's Directorate of Culture, External Affairs and Tourism is regarded as a related party. During the year Creative Scotland had various material transactions with the Scottish Government Directorate of Culture, External Affairs and Tourism.

## Accounts Direction



### CREATIVE SCOTLAND

#### DIRECTION BY THE SCOTTISH MINISTERS

1. **The Scottish Ministers, in pursuance of Section 35 of Part II of the National Lottery etc. Act 1993, hereby give the following direction.**
  
2. **The statement of accounts which, it is the duty of Creative Scotland to prepare in respect of its National Lottery distribution activities for the financial year ended 31 March 2012, and subsequent financial years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRoM) which is in force for the year for which the statement of accounts are prepared.**
  
3. **The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.**
  
4. **Clarification of the additional disclosure requirements are set out in Schedule 1 attached.**

Signed by the authority of the Scottish Ministers

Dated

25 Jan. 2012

## SCHEDULE 1

### Additional Accounting and Disclosure Requirements

The following paragraphs detail the additional requirements as agreed by the Scottish Ministers and Creative Scotland, over and above those disclosures required in the Government Financial Reporting Manual.

1. The **Statement of Net Comprehensive Income/Expenditure** shall include as separate items, where material:
  - a) the share of Lottery proceeds attributable to the Fund
  - b) the share of investment income of the National Lottery Distribution Fund attributable to the Fund
  - c) interest receivable on lottery funds
  - d) repayment of grants
  - e) any other income
  - f) grant made from lottery funds
  - g) lapsed or revoked grant previously recorded as commitments from lottery funds
  - h) the total operating costs incurred in respect of National Lottery distribution activities
  
2. The **Statement of Financial Position** shall include:
  - a) under the heading "Current assets": shown as an investment, the balance held on behalf of the body at the National Lottery Distribution Fund;
  - b) Grant falling due for payment within one year should be disclosed separately under the heading "Current liabilities".
  - c) Grant falling due for payment after more than one year should be separately disclosed under the heading "Non-current liabilities"
  
3. The **Cash Flow Statement** shall use the indirect method when presenting "Cash flow from Operating Activities";
  
4. The **Notes to the Accounts** should meet the requirements of the FReM and include:
  - a) A statement that the Accounts have been prepared in a form directed by the Scottish Ministers in accordance with Section 35 of Part II of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 2006)
  - b) A statement of the accounting policies. This must include a statement explaining the nature of the balances held on the body's behalf in the National Lottery Distribution Fund as follows:
  - c) "Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media & Sport. However, the share of these balances attributable to Creative Scotland is as shown in the Accounts and, at the Statement of Financial Position date, has been certified by the Secretary of State for Culture, Media & Sport as being available for distribution by the body in respect of current and future commitments."
  - d) the value of grant commitments at the year-end which the body has made but which have not been included as liabilities in the Statement of Financial Position because they did not meet the criteria for being treated as liabilities at that date
  - e) Where grants exceed available resources as shown in the Statement of Financial Position, a note explaining the rationale for the over-commitment taking into account any advice received from the Department as appropriate.

- f) A note reconciling the opening and closing balance of investments held at the NLDF. This should disclose proceeds received from the National Lottery, investment income, unrealised gains and losses on investment, and cash drawn down from the NLDF
- g) A breakdown of the total grant liabilities (current and non-current) in the SoFP to show:
  - i. Liability brought forward
  - ii. Commitments in the year
  - iii. Decommitments
  - iv. Commitments paid
  - v. Liability carried forward
  - vi. A breakdown of the liability for each year up to and including 5 years and over 5 years

## Appendix 1- List of grants, awards and investments over £100,000

Grants totalling £30.5 million were made during the year in support of a range of projects.

List of grants over £100,000 are noted below:

Investment Programme	Project	£
Open Project Funding	Sound Festival	130,000
	East Neuk festival	100,000
Project Forming Programmes (2014-15 funding element only)	Theatre Cryptic	247,000
	Grid Iron	220,000
	Visible Fictions	220,000
	CCA	215,000
	Catherine Wheels	213,750
	Mischief La Bas	205,000
	Solar Bear	200,000
	Arika	198,000
	Fire Exit	175,000
	Hebrides Ensemble	168,000
	Plan B	160,000
	Stills	160,000
	David Hughes Dance	155,000
	Scottish National Jazz Orchestra	154,000
	Lung Ha's	136,172
	Vanishing Point	135,000
	Scottish Sculpture Workshop	124,000
	Stellar Quines	124,000
	Drake Music Scotland	115,530
	Birds of Paradise	114,000
	Common Guild	110,000
	Deveron Arts	110,000
	Hands up for Trad	106,000
	Promote YT	105,000
	Vox Motus	103,200
	Talbot Rice	100,000
Capital	Dundee City Council (V&A Dundee)	5,000,000
	Ayr Gaiety Theatre	1,176,277
	Dunoon Burgh Hall	465,000
	Campbeltown Community Business	400,000
	Hospitalfield Trust	100,000
	Traverse Theatre Development	100,000
Film funding	Sigma Films	500,000
	Scottish Film Talent Network	450,000
	Singer Films	350,000
	Sigma Films	300,000
	Bard Entertainments Ltd	300,000
	Young Films Ltd (Bannan)	270,083
	Up Helly Aa Ltd	210,000
	Slate North Ltd	200,000
	Black Camel Pictures Limited	200,000
	Young Films	175,000
	Scottish Documentary Institute	165,000
	Initialize Films (Scotland) Ltd	136,000
	Makar Productions	100,000
	Red Kite Animation Limited	100,000
	Sigma Films	100,000
	East Dunbartonshire Leisure & Culture Trust	145,357

<b>Investment Programme</b>	<b>Project</b>	<b>£</b>
Targeted funds	Scottish Film Consortium (SFC)	440,000
	Leisure and Culture Dundee	250,000
	National Theatre of Scotland	200,000
	Scottish Youth Theatre	128,873
	Faction North Ltd	117,663
	Edinburgh International Festival	105,000
	Cryptic	100,000
	Festival City Theatre Trust	105,000

A full list of all awards made can be found on our website at [creativescotland.com](http://creativescotland.com)

## Appendix 2- Policy direction



### **Directions issued to Creative Scotland under section 26(1) as read with section 26A(1)(a) of the National Lottery etc. Act 1993**

The Scottish Ministers, in exercise of the power conferred by section 26(1) as read with section 26A(1)(a) of the National Lottery etc. Act 1993, and having consulted with Creative Scotland pursuant to section 26(5) of that Act, hereby give the following directions:

1. In determining the persons to whom, purposes for which and the conditions subject to which they apply any money under section 25(1) of the National Lottery etc. Act 1993 in Scotland, Creative Scotland must take into account the following matters:
  - A. The need to ensure that money is distributed under section 25(1) for projects which promote the public good and which are not intended primarily for private gain.
  - B. The principles of:
    - Engagement – the development of programmes should be based on the active engagement of public, private and third sector partners, as appropriate;
    - Cohesion – ensuring that individuals and communities across Scotland have the opportunity to contribute to, participate and benefit from a more successful Scotland;
    - Sustainability – to improve Scotland's environment today and for future generations while reducing Scotland's impact on the global environment;
    - Additionality – the development of programmes should complement and add value to the strategies of partners and stakeholders;
    - Collaboration – where possible the outcomes of projects and programmes should benefit from effective collaboration between public, private and third sector partners.
  - C. The need to ensure that Creative Scotland considers applications which relate to the complete range of cultural, artistic and creative activities, in respect of which, it has the power to distribute money and its general functions as listed in the Public Services Reform (Scotland) Act 2010.
  - D. The need to set specific time limits on the periods in respect of which grants are payable, whether for capital or revenue expenditure.
  - E. The need:
    - (a) in all cases, for applicants to demonstrate the financial viability of the project for the period of the grant;

- (b) where capital funding is sought:
    - (i) for a clear business plan incorporating the need for resources to be available to meet any running and maintenance costs associated with each project for a reasonable period, having regard to the size and nature of the project; and
    - (ii) to ensure that project evaluation and management process for major projects match those of the Cabinet Office's Gateway Reviews.
  - (c) in other cases, for consideration to be given to the likely availability of other funding to meet any continuing costs for a reasonable period after completion of the Lottery award, taking into account the size and nature of the project, and for Lottery funding to be used to assist progress towards financial sustainability.
- F. The need to ensure that Creative Scotland has such information as it considers necessary to make decisions on each application, including independent expert advice where required.
- G. The need to include a condition in all grants to acknowledge Lottery funding using the common Lottery branding.
- H. The need to keep the Scottish Government informed of the development of policies, setting priorities and making grants.
- I. The need to operate within the distinctive policy context in Scotland, adding value where appropriate to Scottish Ministers' strategy; with the development of opportunities for everyone to flourish within a more successful and sustainable Scotland.

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