

Companies
House

Opera North Limited
(a company limited by guarantee)

Trustees' report and financial statements

31 March 1999

Registered number 1550778



Company information and advisors

Trustees

M Beverley (Chairman)
The Earl of Harewood (Vice Chairman)
Councillor B P Atha
Dame Josephine Barstow
Lady Eccles of Moulton
J A Graham
J Gunnell MP
Penelope J Hemming
C W Leach
P A Lee
D J Lovell
L Mackinlay
Ms S Neocosmos
Lynn Port
P N Sparling
AF Walker

Company Secretary

D Hogan

Committee

Finance and Audit	DJ Lovell
Nominations	M Beverley
Development	PJ Hemming
Health and Safety	Ms S Neocosmos

General Director

R Mantle

Auditors

KPMG
1 The Embankment
Neville Street
Leeds
LS1 4DW

Bankers

Coutts & Co
8 Park Square East
Leeds
LS1 2LH

Registered Office

The Grand Theatre
46 New Briggate
Leeds
LS1 6NU

Trustees' report and financial statements

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Trustees' report to the members of Opera North Limited

The trustees, who act as directors for the purposes of company law, present their annual report and the audited financial statements for the year ended 31 March 1999.

Principal activity

The principal activity of the company is to encourage the understanding and appreciation of the lyric art by providing, presenting, organising, managing and conducting opera performances, symphony concerts and educational events in the North of England.

Business review

During the course of the year, the company presented 99 full scale opera performances, 31 concerts and 85 community and educational events, reaching a total of 178,705 people.

Cumulative deficit

The excess of expenditure over income of £310,040 has been added to the cumulative deficit.

Trustees and trustees' interests

The trustees, who are also directors, who served during the year were as follows:

Sir Gordon Linacre	Chairman (resigned 19 June 1998)
M Beverley	Chairman (appointed 19 June 1998)
The Earl of Harewood	(Vice Chairman)
Councillor B P Atha	
Dame Josephine Barstow	(appointed 25 September 1998)
Lady Eccles of Moulton	(appointed 25 September 1998)
J A Graham	
J Gunnell MP	
Penelope J Hemming	
C W Leach	
P A Lee	
D J Lovell	
L Mackinlay	
Ms S Neocosmos	
Lynn Port	
Professor G Pratt	(resigned 4 December 1998)
P N Sparling	
AF Walker	(appointed 25 September 1998)

Trustees' report *(continued)*

In accordance with the articles of association, JA Graham, J Gunnell MP and PN Sparling retire by rotation and being eligible, offer themselves for re-appointment. Lady Eccles of Moulton, Dame Josephine Barstow and AF Walker retire in accordance with article 40 and, being eligible, offer themselves for re-appointment.

The nomination committee appoint all members to the Board of Trustees.

All directors are members of Opera North Limited.

Dame Josephine Barstow, director, from time to time has a contract with the company to perform as an artist for which she is entitled to receive remuneration under section 26 of the Charities Act 1993. No other director has any contract with the company.

Company and taxation status

The company is limited by guarantee and registered as a charity under the Charities Act 1993, charity registered number 511726. It is governed by its memorandum and articles of association.

The company enjoys charitable status for taxation purposes.

Corporate governance

The company has, where appropriate for its size and operations, complied with the code of best practice published by the Cadbury Committee.

Statement of trustees' responsibilities

Law applicable to incorporated charities in England and Wales requires the trustees, who are also the directors of the company, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company at the end of the year and of its financial activities during the year then ended. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

Year 2000

The directors have undertaken a review of the likely impact of the year 2000 on the company's computer systems and business. The directors are satisfied that the computer and other business systems will not be adversely affected by year 2000 compliance and assess that the associated costs are likely to be insignificant.

Trustees' report *(continued)*

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Trustee

Grand Theatre
46 New Briggate
LEEDS
LS1 6NU

17 September 1999



1 The Embankment
Neville Street
Leeds
LS1 4DW

Report of the Auditors to the members of Opera North Limited (Limited by Guarantee)

We have audited the financial statements on pages 5 to 16.

Respective responsibilities of trustees and auditors

As described on page 2, the trustees, who are also the directors of Opera North Limited, are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company as at 31 March 1999 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
*Chartered Accountants
Registered Auditors*

17 September 1999

Statement of financial activities
for the year ended 31 March 1999

	Note	1999 Unrestricted funds £	1999 Restricted funds £	1999 Designated funds £	1999 Total funds £	1998 Total funds £
Incoming resources	3					
Grants receivable		6,396,827	-	-	6,396,827	6,238,980
Sponsorship and fundraising		388,378	366,459	40,000	794,837	563,866
Income from trading activities	4	2,171,824	-	-	2,171,824	2,228,258
Interest receivable		5,866	-	-	5,866	2,311
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total incoming resources		8,962,895	366,459	40,000	9,369,354	9,033,415
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Resources expended						
<i>Direct charitable expenditure:</i>						
Cost of productions and performances		7,558,238	366,459	40,000	7,964,697	7,902,987
<i>Other expenditure:</i>						
Fundraising and publicity		871,362	-	-	871,362	815,608
Management and administration		804,609	-	-	804,609	804,846
Interest payable		38,726	-	-	38,726	39,452
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expended resources	5	9,272,935	366,459	40,000	9,679,394	9,562,893
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds		(310,040)	-	-	(310,040)	(529,478)
Fund balance brought forward at start of year		(1,201,255)	-	-	(1,201,255)	(671,777)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance carried forward at end of year	15	(1,511,295)	-	-	(1,511,295)	(1,201,255)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The charitable company has no recognised gains or losses other than the net movement in funds for the year.

Summary income and expenditure account

for the year ended 31 March 1999

		Continuing operations		
	Note	1999	1998	
		£	£	£
Income				
Grants and fund-raising		7,191,664	6,802,846	
Box office receipts	4	2,171,824	2,228,258	
Interest receivable	6	5,866	2,311	
		9,369,354	9,033,415	
Expenditure				
Production costs		5,533,049	5,502,936	
Staff costs	8	4,107,619	4,020,505	
Interest payable	9	38,726	39,452	
		(9,679,394)	(9,562,893)	
Excess of expenditure over income for the financial year	6	(310,040)	(529,478)	


There is no difference between the results as disclosed in the summary income and expenditure account and the results on an unmodified historical cost basis.


There are no recognised gains and losses apart from those included in the above summary income and expenditure account.

Balance sheet
as at 31 March 1999

	<i>Note</i>	1999	1998
		£	£
Fixed assets			
Tangible assets	10	40,105	38,886
Current assets			
Debtors due within one year	11	783,501	901,445
Debtors due after more than one year	11	28,832	25,108
Cash at bank and in hand		790	642
		<u>813,123</u>	<u>927,195</u>
Creditors: amounts falling due within one year	12	<u>(2,364,523)</u>	<u>(2,166,803)</u>
Net current liabilities		(1,551,400)	(1,239,608)
Total assets less current liabilities		(1,511,295)	(1,200,722)
Creditors: amounts falling due after more than one year	13	<u>-</u>	<u>(533)</u>
Net liabilities		(1,511,295)	(1,201,255)
Funds			
Unrestricted	15	<u>(1,511,295)</u>	<u>(1,201,255)</u>

These financial statements were approved by the board of trustees on 17 September 1999 and were signed on its behalf by:


M Beverley
Trustee


D Lovell
Trustee

Cash flow statement
for the year ended 31 March 1999

**Reconciliation of operating loss to net cash outflow
from operating activities**

	<i>Note</i>	1999 £	1998 £
Excess of expenditure over income (as adjusted for interest received and interest paid)		(277,180)	(492,337)
Depreciation charge		42,182	34,801
Decrease in debtors		114,220	40,577
Increase in creditors		14,441	74,743
Net cash outflow from operating activities		(106,337)	(342,216)
Cash flow statement			
Net cash outflow from operating activities		(106,337)	(342,216)
Returns on investments and servicing of finance	18	(32,860)	(37,141)
Capital expenditure	18	(43,400)	(32,182)
Financing	18	(3,200)	(3,200)
Decrease in cash		(185,797)	(414,739)
Decrease in cash in the period		(185,797)	
Cash outflow from decrease in lease financing		3,200	
Change in net debt		(182,597)	
Net debt at 1 April 1998		(1,533,509)	
Net debt at 31 March 1999	19	(1,716,106)	

Notes

(forming part of the financial statements)

1 Company status

The company is limited by guarantee and registered as a charity under the Charities Act 1993 (registered charity number 511726). Accordingly the financial statements have been prepared in accordance with SORP2 Accounting by Charities, as it applies to charities incorporated under the Companies Act 1985.

Every member of the company undertakes to contribute to the assets of the company, in the event of the same being wound up during the time that he is a member, or within one year after he ceases to be a member, for payment of the debts and liabilities of the company contracted before the time he ceases to be a member, and of the costs, charges and expense of winding up the same, and for the adjustment of the rights of the contributors themselves, such amount as may be required not exceeding one pound.

2 Accounting policies

Accounting convention

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting by Charities and applicable accounting standards, under the historic cost convention and on a going concern basis on the assumption that:

- 1) Grants, sponsorships and fund raising will continue to be received in the foreseeable future to cover any working capital deficit.
- 2) The company's bankers will continue, if necessary, to provide further facilities in the foreseeable future to enable the company to meet its commitments as they fall due.

Form of accounts

In view of the nature of the company's activities, the headings in the Companies Act 1985 Schedule 4 are prescribed to be inappropriate and a summary income and expenditure account is presented in place of the prescribed profit and loss account. The directors have taken advantage of paragraph 3(3) of schedule 4 to the Companies Act 1985 which allows the preparation of accounts to be adapted to reflect the special nature of the charitable company's activities.

Income

Grants are credited to the income and expenditure account in the year in respect of which they are receivable.

Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets by equal annual instalments over their estimated useful lives as follows:

Leasehold improvements	-	3 years
Commercial vehicles	- leased	5 years
	- owned	4 years
Equipment and musical instruments	-	3 years

Accounting policies (continued)

Leases and hire purchase agreements

Assets held under finance agreements that give rights approximating to ownership are treated as if they had been purchased outright at the present value of the total amount payable during the primary period of the agreements. The corresponding financial commitments are shown as creditors. The interest element of payments under these agreements and depreciation on the relevant assets are charged to the income and expenditure account.

The rentals arising under operating lease agreements are charged to the income and expenditure account over the terms of the agreements.

Pensions

The company contributes a percentage of salary to employees who have personal pension schemes.

Production costs

Production costs are written off at the first performance and no residual values are carried forward. Expenditure on future productions is included in prepayments.

Restricted, unrestricted and designated funds

The various funds of the charity are accounted for as follows:

Restricted funds are funds subject to specific trusts which have been declared by the donor(s) but still within the objects of the charity.

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

Unrestricted funds earmarked for particular purposes are designated as separate funds. The designation has an administrative purpose only, and does not legally restrict the trustees discretion to apply the fund.

In the opinion of the trustees sufficient resources are held in an appropriate form for each fund to be applied in accordance with any restrictions imposed upon it.

3 Grants receivable

	1999 £	1998 £
Arts Council of England	5,289,287	5,131,500
Local Authorities	1,107,540	1,107,480
	<hr/>	<hr/>
	6,396,827	6,238,980
	<hr/>	<hr/>

Notes (continued)

4 Income from trading activities

	1999 £	1998 £
Opera box office receipts	1,860,088	1,782,026
Concerts receipts	311,736	446,232
	<u>2,171,824</u>	<u>2,228,258</u>

5 Total resources expended

	Staff costs £	Other costs £	Depreciation £	Total 1999 £	Total 1998 £
Costs of productions and performances	3,025,583	4,912,975	26,139	7,964,697	7,902,987
Fund-raising and publicity	233,728	637,451	183	871,362	815,608
Management and administration	340,746	463,004	859	804,609	804,846
Interest payable	-	38,726	-	38,726	39,452
	<u>3,600,057</u>	<u>6,052,156</u>	<u>27,181</u>	<u>9,679,394</u>	<u>9,562,893</u>

6 Excess of expenditure over income for the financial year

The excess of expenditure over income for the financial year is stated:

	1999 £	1998 £
<i>After charging:</i>		
Auditors' remuneration - audit fees	7,500	7,500
Depreciation: on owned assets	38,982	31,601
on leased assets	3,200	3,200
Operating lease rentals:		
Land and buildings	8,000	8,000
Other	19,465	18,677
	<u></u>	<u></u>
<i>And after crediting:</i>		
Bank deposit interest	5,866	2,311
Business Sponsorship Incentive Scheme Award	19,000	11,125
	<u></u>	<u></u>

Grants and fund-raising include the Department of National Heritage's 'Pairing Scheme' (administered by ABSA) award of £6,250 for sponsorship by PricewaterhouseCoopers of the opera "Carmen", £5,250 by RJB Lionheart for sponsorship of the opera "Carmen" and £5,000 by Harry Ramsden for sponsorship of the "Opera and Chips" concert.

7 Remuneration of trustees

None of the trustees holding office during the year received any payment for their services (1998: £nil), other than Dame Josephine Barstow who performs as an artist for which she is entitled to receive remuneration under section 26 of the Charities Act 1993.

Notes (continued)

8 Staff numbers and costs

The average number of permanent staff employed by the company during the year, analysed by category, was as follows:

	1999	1998
	Average number of employees	
Orchestra, chorus and music	99	101
Technical	32	34
Administration	28	25
Community education	3	3
	<hr/>	<hr/>
	162	163
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	3,600,057	3,536,230
Social security costs	396,591	374,712
Pension costs	110,970	109,563
	<hr/>	<hr/>
	4,107,619	4,020,505
	<hr/>	<hr/>

The number of employees whose emoluments fell within each of the following bands was:

	1999	1998
	Number of employees	
£40,000 - £44,999	1	1
£60,000 - £64,999	1	1
	<hr/>	<hr/>

The company also employed casual staff at various times during the year.

9 Interest payable

	1999	1998
	£	£
On bank loans, overdrafts and other loans wholly repayable within five years	37,337	38,063
Finance charges payable in respect of finance leases	1,389	1,389
	<hr/>	<hr/>
	38,726	39,452
	<hr/>	<hr/>

Notes (continued)

10 Tangible fixed assets

	Leasehold improvements	Commercial vehicles owned	Commercial vehicles leased	Equipment and musical instruments	Total
	£	£	£	£	£
Cost					
At 1 April 1998	110,400	12,750	39,759	300,608	463,517
Additions	675	-	-	42,725	43,400
Disposals	-	-	-	(2,000)	(2,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1999	111,075	12,750	39,759	341,333	504,917
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 April 1998	101,206	9,563	36,026	277,836	424,631
Charge for year	9,068	3,187	3,200	26,727	42,181
Disposals	-	-	-	(2,000)	(2,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1999	110,274	12,750	39,226	302,563	464,812
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 March 1999	801	-	533	38,771	40,105
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 March 1998	9,194	3,187	3,733	22,772	38,886
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

All tangible fixed assets are held for direct charitable purposes.

11 Debtors

	1999 £	1998 £
Trade debtors	140,207	295,028
Other debtors	72,544	11,603
Prepayments and accrued income	599,582	619,922
	<hr/>	<hr/>
	812,333	926,553
	<hr/>	<hr/>

Included within prepayments and accrued income are amounts relating to productions opening after more than one year of £28,832 (1998: £25,108).

Notes (continued)

12 Creditors: Amounts falling due within one year

	1999 £	1998 £
Bank loans and overdrafts	1,713,697	1,530,418
Trade creditors	246,041	244,155
Social security and other taxes	112,324	111,259
Accruals and deferred income	288,217	268,558
Finance lease obligations (note 14)	3,200	3,200
Other creditors	1,044	9,213
	<hr/>	<hr/>
	2,364,523	2,166,803
	<hr/>	<hr/>

13 Creditors: Amounts falling due after more than one year

	1999 £	1998 £
Finance lease obligations (note 14)	-	533
	<hr/>	<hr/>

14 Finance lease obligations

	1999 £	1998 £
<i>Amounts falling due:</i>		
Within one year	533	3,200
Within second to fifth years	-	533
	<hr/>	<hr/>
	533	3,733
	<hr/>	<hr/>

15 Reconciliation of movement in the accumulated deficit

	1999 £	1998 £
Excess of expenditure over income for the year	(310,040)	(529,478)
Accumulated deficit brought forward	(1,201,255)	(671,777)
	<hr/>	<hr/>
Accumulated deficit carried forward	(1,511,295)	(1,201,255)
	<hr/>	<hr/>

Notes (continued)

16 Operating lease commitments

	1999		1998	
	Land and buildings £	Other £	Land and buildings £	Other £
<i>Annual commitments in respect to operating leases which expire:</i>				
Within one year	-	1,128	-	1,128
Within second to fifth years	8,000	18,338	8,000	17,549
	<u>8,000</u>	<u>19,466</u>	<u>8,000</u>	<u>18,677</u>

17 Commitments

There are no capital commitments at 31 March 1999 for which provision has not been made (1998: £nil).

18 Gross cash flows

	1999		1998	
	£	£	£	£
Returns on investments and servicing of finance				
Interest received	5,866		2,311	
Interest paid	(37,337)		(38,063)	
Interest element of finance lease rental payments	(1,389)		(1,389)	
	<u></u>	<u>(32,860)</u>	<u></u>	<u>(37,141)</u>
Capital expenditure				
Payments to acquire tangible fixed assets		(43,400)		(32,182)
		<u></u>		<u></u>
Financing				
Capital element of finance lease rental payments		(3,200)		(3,200)
		<u></u>		<u></u>

Notes (continued)

19 Analysis of changes in net debt

	At 1 April 1998 £	Cash flows £	At 31 March 1999 £
Cash in hand and at bank	642	149	791
Overdrafts	(1,530,418)	(183,279)	(1,713,697)
Finance lease	(3,733)	533	(3,200)
	<hr/>	<hr/>	<hr/>
Total	(1,533,509)	(182,597)	(1,716,106)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

20 Related party transactions

The company receives, on an annual basis, significant grants from the Arts Council of England. The amount of these grants received during the year was £5,289,287 (1998: £5,131,500).