

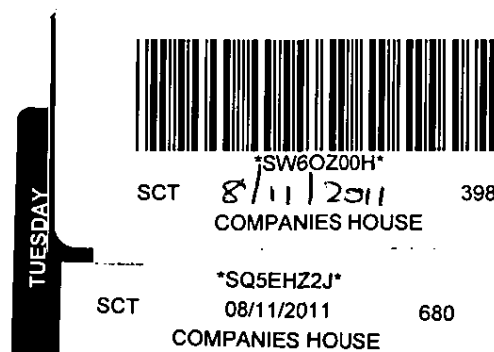
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Scottish Opera (Limited by Guarantee)

Report and Accounts

31 March 2011



Scottish Opera
(Limited by Guarantee)

Registered No: SC037531

Company Information

Directors

Colin J.S. McClatchie	(Chair)
Elisabeth Kerr	(Vice chair)
John McCormick	(Vice chair)
Edward Crozier	
Trevor Hatton	
Shields Henderson	
Peter Lawson	
Rona Mackie Black	
John Mayne	
Colin McCallum	
Lizanne McKerrell	
John Mulgrew	
Alex Reedijk	

Secretary

Judith Patrickson FCA DChA

Auditors

Baker Tilly UK Audit LLP
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

Bankers

Royal Bank of Scotland
PO Box 29
1 Moncrieff Street
Paisley
PA3 2AW

Solicitors

Maclay Murray & Spens
1 George Square
Glasgow
G2 1AL

MacRoberts
Capella
60 York Street
Glasgow
G2 8JX

Registered office

39 Elmbank Crescent
Glasgow
G2 4PT

Chair's statement

Introduction

It is with great pleasure that I take this opportunity, on behalf of the Board of Scottish Opera, to present my Chair's Report.

I am delighted the Company has shown that its artistic standards are as high as they have ever been. As Scotland's largest professional performing arts organisation, we have enjoyed growth in our audience numbers and strong public support for our opera performances in over 50 venues throughout Scotland. In addition we have been able to deliver sold out opera performances in both Belfast and Dublin, with Scottish Opera being the first opera company invited to perform in the new Grand Canal Theatre in Dublin.

Particular thanks are due to Fiona Hyslop MSP, the Minister for Culture, External Affairs and Tourism for her dedicated and steadfast support of the Company. I am also grateful for the continued goodwill and assistance received from Glasgow City Council and Aberdeen City Council.

The Scottish Government continues to be the Company's major supporter and I am pleased that there continues to be a good and strong relationship between us and for the benefits that have accrued to Scottish Opera as a result of the move to direct funding in 2007.

The Company continues to be in consistent and secure financial health, which is important as we adjust to the current economic circumstances. Scottish Opera is determined to continue to provide value and to be a highly efficient organisation, creating wonderful opera for the Scottish taxpayer.

I would also like to pay special tribute to those many individuals who have done their very best to maintain and even increase their own support during this year. I am further indebted to the many trusts and businesses that have continued to support Scottish Opera financially this year.

The Board continues to meet five times a year and is supported by a strong and active subcommittee structure. Their continued enthusiasm for and commitment to the Company is much appreciated.

Through the acquisition, in 2009, of a small piece of land adjacent to the Theatre Royal, we have an exciting opportunity to transform the theatre and enhance the audience experience. Following the OJEU architectural competition, the Board appointed award winning architects Page\Park to design the new public spaces, which will go for planning permission in August 2011.

It is a privilege for me to continue to lead the Board and the Company, and I would like to extend my sincere thanks and appreciation in these difficult times to Alex Reedijk, Francesco Corti and all the artists and staff of the Company for their ongoing flexibility, willingness and enthusiasm for all matters operatic that has enabled Scottish Opera to enjoy a great year!

Colin J S McClatchie
Chairman

25 August 2011

General Director's report

Scottish Opera is essential to the artistic life of Scotland.

I am delighted to report that in 2010/11 Scottish Opera enjoyed another artistically, critically and financially successful year presenting 7 wonderful opera productions throughout Scotland. Over the course of this financial year, Scottish Opera presented 56 main stage opera performances between Glasgow, Edinburgh, Aberdeen, Inverness, Belfast and Dublin including 12 performances of Opera Unwrapped.

In addition, as part of our extensive commitment to national reach, we toured smaller scale opera to 39 communities throughout Scotland tailored specifically to the individual venues we visit, many of which have been receiving Scottish Opera for over 30 years.

We also presented our third season of the critically acclaimed *Five: 15 Operas Made in Scotland*, which enjoyed its world premiere in Aberdeen and then performed in Glasgow and Edinburgh.

We firmly believe that this high level and wide spread of opera activity is welcomed by our audience and helps us to clearly meet our core charitable aims and objectives. In addition, I am pleased to report that over 90% of our total income is being utilised to directly deliver opera throughout Scotland.

We remain Scotland's largest professional performing arts organisation. Scottish Opera provided contracts for services for over 550 people in the year, including contract artists, artisans and other professionals while retaining a core staff of 131 full time equivalent employees.

2010/11 saw an uplift in the financial performance of Scottish Opera. Our main scale and touring audience numbers grew by 21% compared to 2009/10 and 8% of our audience is under 26 – a testament to the growth and strength of the Under 26 £10 Ticket.

Over the year we have increased the number of philanthropic supporters of Scottish Opera, and the cash value of that support has made a welcome return to pre-recession levels thanks to the commitment and passion of our many private and corporate supporters.

Whilst the Company remains stable and solvent and retains an appropriate level of reserves in line with the Company's policy, we are not immune to the reality of the current economic climate with a 3.96% cut in Scottish Government support factored into the 2011/12 Financial Year.

The longer-term future poses a greater challenge as we seek to sustain a vibrant opera company in Scotland for the 21st century. This will require a continued and robust examination of our operating model along with more imaginative funding initiatives as we look to absorb our share of the impact of these austere times, balanced with creating as much opera as efficiently as possible for our audiences here in Scotland.

I am extremely proud of our relationship with the Royal Scottish Academy of Music and Drama and that we continue to utilise a high proportion of Scottish artists: from young singers as Emerging Artists, and singers for our touring and understudy roles through to internationally renowned directors and designers. In making all of this opera, under the leadership of Music Director, Francesco Corti, I am pleased that we remain internationally recognised for our tradition of consistently high musical and theatrical standards.

General Director's report

Scottish Opera Performances

Between April 2010 and March 2011 we presented five main stage operas – all were carefully chosen and matched to give our audiences a “balanced basket” of work.

In the spring/summer, the revival of Tony Award winning Stewart Laing's production of *La bohème* travelled to Edinburgh, Aberdeen and Inverness. This saw the debut of Celine Byrne in the role of Mimi and one of Scottish Opera's emerging Artists, Nadine Livingston, in the role of Musetta. Music director Francesco Corti conducted. Following the performances in Scotland, the production played in Belfast and then became the first opera to be performed in the new Grand Canal Theatre in Dublin to sold out performances and a return invitation.

This was followed by Janacek's *The Adventure of Mr Broucek*. This production, an innovative co-production between Scottish Opera and Opera North, starring John Graham Hall, was conducted by Martin Andre and directed by John Fulljames with designs by Alex Lowde and Lucy Carter.

In the autumn/winter of 2010 the main stage season began with a stunning new production of Mozart's *The Marriage of Figaro*, masterfully directed by Sir Thomas Allen who was reunited with his *The Barber of Seville* creative team designer Simon Higlett and lighting designer Mark Jonathan. Music Director Francesco Corti led a wonderful cast including Scottish sopranos Kate Valentine as the Countess and Emerging Artist Nadine Livingstone as Susanna.

In February Harry Fehr directed a stylish new production of *Orlando* by Handel, designed by Yannis Thavoris with lighting designer Anna Watson and conducted by Paul Goodwin.

In the autumn of 2010 a touring production of Bizet's *Carmen*, directed by Ashley Dean, opened at the Citizens Theatre (in a new partnership) and then visited 21 venues throughout Scotland. The lead roles of Carmen and Escamillo were taken by two of Scottish Opera's Emerging Artists. In addition, the piano-accompanied *Opera Highlights* tour visited a further 21 venues in Scotland between the end of January and mid-February.

The Company continued its association with the RSAMD, presenting Janacek's beautiful *The Cunning Little Vixen*. The production was a revival of the landmark Scottish Opera/Welsh National Opera co-production created by David Poutney with designs by Maria Bjornson. It was conducted by Timothy Dean and performed, to great acclaim, at the Theatre Royal Glasgow and Edinburgh Festival Theatre at the end of January. Once again the instrumental students were given the opportunity of playing with The Orchestra of Scottish Opera. The Company's Technical Department and Orchestra were even more involved in mentoring than in previous years, making an important contribution to the practical skill development of the students.

The company produced a concert version of Puccini's *La Fanciulla del West* as part of the 2010 Edinburgh International Festival and performed as part of the Edinburgh Festival Fringe with Club Noir in a hilarious burlesque *Night at the Opera*.

The Orchestra of Scottish Opera

The Orchestra of Scottish Opera, led by Francesco Corti, continues to enjoy good reviews for all its work both in a lyric capacity and on the concert platform. The Sunday afternoon St Andrew's in the Square concert series continued with two thrilling concerts. The conductors in 2010 were Francesco Corti and Rory Macdonald with arias sung by Leah- Marian Jones and Thomas Oliemans.

The Orchestra of Scottish Opera was also involved with a broad range of concert and educational activity throughout Scotland.

General Director's report

Scottish Opera Education

Since April 2010, the education department has presented 15 projects (including doubling the size of the Connect programme) for 19,231 participants ranging in age from 6 months to adults in 388 venues across Scotland. I was particularly pleased with the partnership with the Citizens Theatre that enabled our family double bill *On the Rim of the World* and *Doctor Ferret's Bad Medicine Roadshow* to be performed using Connect participants. We issued a total of 182 short-term freelance contracts for animators and artists across all the principal artistic fields in order to deliver this programme of activity.

Compared to last year, this not only represents a 39% increase in the numbers of participants as but also a staggering 120% increase in the number of artists required to deliver the programmes.

BabyO our innovative integrated performance model for infants and their parents, has now reached over 8,000 people and will tour across England and to New Zealand in the summer of 2011. Its success has inspired a companion piece entitled *SensoryO* – with two strands of activity aimed at parents & toddlers and for older children with additional learning needs which will be developed over the next 10 months before touring in May/June of 2012.

Another huge success has been the *A Little Bit of ...* adaptation of the Japanese Kamishibai storytelling format. Four artists present short versions of original operas for children previously commissioned by us and of main scale productions in the current repertoire: *A Little Bit of Figaro* and of *Bubble McBea* have together visited venues as diverse as Scottish Government offices, Inverness Museum, and Kelvingrove Art Gallery as well as a myriad of cafes, schools, care homes, businesses, hospitals and theatre foyers. This delightful format has huge appeal for adults and children alike, for those who know and love opera just as much as for those who experience their first taste of Scottish Opera through this innovative little programme.

On an international scale, we are raising our profile with government agencies in Scotland - and in the UK - with a strategy that illustrates the long term commitment to intelligent, innovative and socially aware activity that supports priorities in terms of education and culture.

Our work is increasingly being seen as exportable in terms of best practice in education and cultural spheres, as demonstrated by our invitation to present *A Tale o Tam* in Delhi in October 2010 as part of the cultural celebrations surrounding the handover to Glasgow for the 2014 Commonwealth Games: by our work with the British Council in March 2010 with artists and teachers in the Republic of Georgia, partnered by the Georgia State Opera House; and by our partnership with the English Schools Foundation in Hong Kong later this year. All these programmes offer valuable opportunities for the company as a whole to demonstrate the combination of ingenuity, business acumen as well as artistic & educational values that are essential aspects in maintaining the company's reputation as a sleek, successful and creative organisation.

Scottish Opera External Support

We continue to enjoy the generous and award-winning sponsorship of Accenture, in a partnership that provides cash for our innovative programme of new operas and main-stage performances, plus valuable consultancy support that is helping Scottish Opera to grow as a business.

We are delighted to welcome Johnston Carmichael, Ledingham Chalmers and Craig Group as new sponsors in Aberdeen and value our new association with Glasgow Chamber of Commerce as Platinum Partners. Grateful thanks go to all our business sponsors, corporate members and in-kind sponsors who not only help by providing cash, goods and services to the Company, but also help to spread the word about the work that we do.

General Director's report

Scottish Opera is supported by an increasing number of charitable trusts and foundations, many of which are committed to our extensive programme of education and outreach work. Our sincere thanks must go to all the Charitable Trusts and Foundations for their continued investment in Scottish Opera.

Importantly, the majority of our philanthropic support comes from a growing number of individuals, with whom we enjoy a close association. We are indebted to our major donors, members of the Scottish Opera Syndicate, Emerging Artists Benefactors, Patrons of the Alexander Gibson Circle and Friends of Scottish Opera for their ongoing and passionate commitment to the work of Scottish Opera.

Membership of the Dame Janet Baker Circle, through which opera lovers are pledging legacies to the Scottish Opera Endowment Trust, continues to grow. A number of recent bequests and a major gift have helped to swell the funds of the Trust, which in turn provides welcome support towards the development of young talent.

As ever, I am immensely grateful to all the highly dedicated and creative individuals who choose to contribute to Scottish Opera – both as artists, artisans and other professionals who help us make and perform fabulous opera performances throughout Scotland.

Thank you.

Alex Reedijk
General Director
25 August 2011

Directors' report

The Directors present their report and accounts for the year ended 31 March 2011.

Directors and trustees

The Directors of the charitable company are its trustees for the purposes of charity law and throughout this report are collectively referred to as the Directors.

The following served during the year or have been appointed since the year end:

Colin J S McClatchie	(Chair)
Elisabeth Kerr	(Vice Chair)
John McCormick	(Vice Chair)
Paul Bateman	Resigned 2 December 2010
Edward Crozier	
Trevor Hatton	Appointed 2 December 2010
Shields Henderson	
Peter Lawson	
Rona Mackie Black	
John Mayne	
Colin McCallum	
Lizanne McKerrell	Appointed 2 December 2010
John Mulgrew	
Alex Reedijk	

Principal activities

The principal activity of Scottish Opera is to perform opera in Scotland, elsewhere in the United Kingdom and abroad.

The principal activity of Scottish Opera Theatre Royal Ltd during the year was the ownership of the Theatre Royal, Glasgow.

The principal activity of Scottish Opera Theatre Trust is to act as Trustee for monies to be made available to Scottish Opera Theatre Royal Limited in connection with the purchase, reconversion and endowment of the Theatre Royal, Glasgow.

Aims, objectives and delivery

Scottish Opera aims to work in partnership with the Scottish Government to deliver high quality, innovative and creative input in support of, and at the heart of Scotland's new cultural vision within a citizen led agenda.

- inspiring audiences and participants
- working effectively and creatively within our resources
- widening engagement
- continuing to lead in the delivery of arts in education
- championing the positive benefits that opera brings to society

Scottish Opera's key objectives are to:

- create opera of the highest standard, performed in theatres, community, schools and other venues across Scotland, reaching the broadest population base across all 32 local authorities
- integrate all Scottish Opera's activities to ensure unity of vision and delivery
- work in partnership with the Scottish Government and embrace Scotland's new cultural vision
- form collaborations with other national arts organisations to create and promote a fully co-ordinated arts and education programme

Directors' report

- work in partnership with other organisations in the cultural community to advocate the importance of the arts within Scotland, and to maintain and build international partnerships to support Scotland's reputation and ambitions abroad

Delivery

Scottish Opera is a skilled and flexible artistic and administrative resource that will create opera of the highest standard, performed in venues across Scotland, reaching the broadest population base. This will be delivered through:

- Main scale performances in Glasgow, Edinburgh, Aberdeen & Inverness and at Edinburgh International Festival
- Middle scale performances in urban centres and rural areas throughout Scotland
- Smaller scale: theatres, schools, community centres, village halls
- Orchestral and opera concerts within the community
- A comprehensive, nation-wide programme of education and outreach

Scottish Opera's structure of corporate governance

Scottish Opera, as part of the Scottish Opera group of companies, is a company limited by Guarantee and is registered with The Office of the Scottish Charity Regulator (OSCR) under charity number SC019787.

In accordance with the Memorandum and Articles of Association of Scottish Opera, the Board of Directors (the Board) has overall responsibility for the management of the resources of the group and ensuring its financial well-being. There is provision in the Articles for twenty-one members of the Board, most of whom are non-executive. The Board met four times in the year including an annual away day.

As part of the governance arrangements, new Directors spend a day of orientation to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and the financial performance of the company. Directors meet annually with the Chair to discuss their development and training needs.

The Board discusses and sets policy having received regular reports from the relevant sub-committees and the senior management team regarding the day-to-day financial and artistic business of the company. A General Director is appointed by the Directors to manage the day-to-day operations of the company. To facilitate effective operations, the General Director has delegated authority for operational matters including finance, employment and artistic performance related activity.

Under the terms of the Articles of Association, the members may appoint Directors for an initial term of three years at the Annual General Meeting (AGM). This first term may be followed by a re-appointment for a further term of three years. A third three-year term is possible in exceptional circumstances. Any director co-opted onto the Board between AGM's must be elected at the AGM immediately following their co-option.

The Chair of the Board appoints Directors to the relevant Committees as and when required but undertakes an annual review of committee membership at the first Board meeting following the Annual General Meeting. The Chair is entitled to attend any committee meeting except meetings of the Nominations Committee.

The members of the Board, are:

Colin McClatchie (Chair), Elisabeth Kerr (Vice chair), John McCormick (Vice chair), Edward Crozier, Trevor Hatton, Shields Henderson, Peter Lawson, Rona Mackie Black, John Mayne, Colin McCallum, Lizanne McKerrill, John Mulgrew and Alex Reedijk.

Directors' report

The Board Sub-Committees are:

Finance & General Purposes Committee

The role of the Finance & General Purposes Committee covers the key areas of finance, governance and administration with particular responsibility for the following:

Finance

- Review and recommend the annual budget, long term forecasts, monthly management accounts including cash flow forecasts
- Review proposals for raising finance, capital expenditure, leasing decisions
- Review and recommend budget variations and use of budgeted contingency

Governance

- Review governance arrangements and act as the main regulatory committee
- Review, in consultation with the Nomination Committee, all matters relating to the appointment of Directors and the duration of their membership of the Board
- Lead an annual review of the performance of the Board

Administration

- Health & Safety, IT & Telecommunications, Employee Relations and Facilities Management

The Finance & General Purposes Committee consists of 6 non-executive Board Members, which includes the Chair of the Audit Committee. A quorum shall consist of any 3 from these 6 people.

The Finance & General Purposes Committee met 8 times in the year.

The members of the Committee are:

John McCormick (Chair), Shields Henderson, Peter Lawson, Rona Mackie Black and John Mayne

Audit Committee

The Audit Committee meets twice a year with its auditors. Firstly, to undertake an audit planning exercise and identify potential areas of risk and, secondly, to review the draft statutory accounts for the group. All major issues relating to the finalisation of the group's financial position are considered by the Audit Committee prior to Board approval of the final accounts.

The Audit Committee consists of 4 non-executive Directors. A quorum consists of any 3 from these 4 people.

The Audit Committee met twice in the year.

The members of the Committee are:

Shields Henderson (Chair), Edward Crozier, John Mayne and John Mulgrew.

Nominations and Remuneration Committee

The role of the Nominations and Remuneration Committee is:

- to manage the Board's process of self-appointment, excluding the choice of new Chairman, which is the work of a special Search Committee.
- to appoint the Chief Executive Officer (CEO)
- to review the remuneration of the CEO and other senior staff, as appropriate
- to review all matters related to employee terms and conditions and relations.

The Nominations and Remuneration Committee met 4 times during the year.

Directors' report

The Nominations and Remuneration Committee consists of 4 non-executive Directors made up from the Vice Chair and the 3 other non-executive Directors. The Chair of the Board of Scottish Opera is not eligible to sit on the Nominations Committee.

The members of the Committee are:

Elisabeth Kerr (Chair), Ed Crozier, Colin McCallum and John McCormick.

Development Committee

The role of the Development Committee is to:

- Support and complement the work of the company's employed officers in substantially increasing non-public income streams to support and maximise Scottish Opera's operation and programme of work
- Approach prospective donors, in liaison with Fundraising & Sponsorship Department, or to effect introductions to prospective donors
- Build an external network of contacts, stakeholders, and champions who can open doors to potential funders
- Be a resource for advice and support to the officers, as requested, in gaining access to potential new funders
- Ensure that the ladder of operation of the fundraising effort is fully constructed and operated to maximum effect
- Lead on major capital fundraising campaigns
- Be acquainted with the artistic and educational programmes
- Lead the fundraising effort by example

The Development Committee consists of 5 non-executive Directors. A quorum shall consist of any 3 from these 5 people.

The Development Committee met twice during the year.

The members of the Committee are:

Edward Crozier (Joint Chair), Shields Henderson (Joint Chair), Rona Mackie Black, Peter Lawson and Colin McCallum.

The Board of Scottish Opera may co-opt professional advisors and external members to the Development Committee for a fixed time period as and when required.

External Affairs Committee

The role of the External Affairs Committee is to assist the company to achieve its strategic goals through an influencing programme, which creates a positive disposition amongst stakeholders and decision makers.

The External Affairs Committee consists of 5 non-executive Directors. A quorum shall consist of any 3 from these 5 people.

The External Affairs Committee met 3 times during the year.

The members of the Committee are:

Directors' report

Elisabeth Kerr (Chair), John Mayne, Colin McCallum, John McCormick and John Mulgrew.

Financial and risk management objectives and policies

Business planning and the identification of the major risks to which the company is exposed have been actively reviewed by the Directors in conjunction with the group's senior management. Areas particularly acted upon have been financial systems, funding, employee relations and health and safety. The Board are committed to a formal risk assessment process in line with best practice.

The company's policy does not permit trading in any financial instruments. The company's principal financial instruments comprise cash, short term deposits and borrowings.

The company has various other financial instruments such as trade debtors and creditors that arise directly from its opera operations.

The principal financial risks to which the company is exposed are those relating to liquidity and interest rate. The way in which these risks are managed is summarised below:

Liquidity risk

The company's aim is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases.

Interest rate risk

The company's borrowings consist of overdraft balances and loans and these are at variable rates of interest. Based on current levels of net debt, interest rate risk is not considered to be material. The associated cash flow risk, which can have a positive impact on the company if interest rates decrease as well as a negative impact if interest rates increase, is also not considered to be material.

Business review and future developments

A review of the main business activities, group results and future developments is included in the Chairman's statement on page 2 and the General Director's Report on page 3.

Theatre Royal

Preliminary work for a proposed redevelopment and extension of the public spaces of the Theatre Royal, on the piece of land purchased in the previous year is ongoing. Following an OJEU process the company have selected and engaged award winning architects Page\Park to design the new public spaces. The architects have been asked to address:

- disabled access throughout the theatre
- improved air handling and environmental control throughout the theatre
- improved bar and hosting facilities
- improved toilet and cloakroom facilities
- clear way finding
- education facilities

The design will be put forward to Glasgow City Council for planning permission in August 2011.

Principle funding sources

The principle funding sources of the company are the Scottish Government, philanthropic support, box office income and local authority funding.

Directors' report

Reserves Policy

At 31 March 2011 the group unrestricted general reserves amounted to £845,622 (2010: £794,232).

The directors have agreed that the appropriate level of unrestricted reserves is £500,000. These reserves are normally set aside in order to protect the future operations of the company from the effects of any unforeseen variations in its income streams as part of a policy of good financial management practice. In addition the directors have agreed that it is prudent to have an in-year contingency of £150,000 to £200,000 depending upon the risk review of the income streams.

Should unrestricted reserves be built up in excess of £500,000, the General Director will be asked to identify how the excess can be used to further the general operative aims and objectives of the company.

Should unrestricted reserves fall materially below £500,000 the General Director will be asked to adjust future plans to recover the reserves position in line with the Reserves Policy. The policy will be reviewed annually.

Insurance

During the year the company purchased and maintained liability insurance for its Directors as permitted by Section 233 of the Companies Act 2006.

External responsibilities

Scottish Opera is supported by public funds. These were from the Scottish Government. Regular financial information has been provided to them throughout the year. Additional funds were received from Glasgow City Council, and other local authorities. During the course of the financial year, the Scottish Government and the Glasgow City Council were entitled to send observers to Scottish Opera board meetings and regular financial information is provided as a condition of these grants.

Directors' responsibilities in respect of the accounts

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company for that period.

In preparing the company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

Directors' report

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors


A resolution to reappoint Baker Tilly UK Audit LLP as auditors will be put to the members at the Annual General Meeting.

Directors Statement as to disclosure of information to Auditors

The Directors who were members of the board at the time of approving the director's report are listed on page 1. Having made enquiries of each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no relevant audit information of which the charitable company's auditors are unaware and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the charitable company's auditors are aware of the information.

On behalf of the Board



Colin J S McClatchie
Chairman
25 August 2011

Registered office:
39 Elmbank Crescent
Glasgow
G2 4PT

Independent auditors' report

to the Trustees and Members of Scottish Opera (Limited by Guarantee)

We have audited the group and parent charitable company's financial statements of Scottish Opera ("the financial statements") for the year ended 31 March 2011 on pages 16 to 35. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charitable company's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 12 the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2011; and of the group's and the parent charitable company's incoming resources and application of resources, including their income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other requirement of the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Baker Tilly UK Audit LLP

Janet Hamblin (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

31 August 2011

BAKER TILLY UK AUDIT LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities and Income and Expenditure Account

for the year ended 31 March 2011

		Unrestricted Funds		Restricted Funds	2011 Total	2010 Total
	Notes	General £	Designated £	£	£	£
Incoming Resources						
Incoming Resource from Generated funds						
Voluntary Income	2a	9,226,851	-	960,295	10,187,146	9,640,017
Activities for generating funds		581,084	-	17,400	598,484	497,201
Investment income		6,118	-	-	6,118	630
Incoming resources from charitable activities	2b	1,426,405	-	347,637	1,774,042	1,261,903
Total Incoming resources		11,240,458	-	1,325,332	12,565,790	11,399,751
Resource expended						
Cost of generating funds						
Cost of generating voluntary income		39,857	-	-	39,857	30,754
Fundraising costs		246,415	-	-	246,415	231,469
		286,272	-	-	286,272	262,223
Charitable activities		10,994,536	-	515,369	11,509,905	10,894,860
Governance costs		24,562	-	-	24,562	26,841
Total resources expended	3/4	11,305,370	-	515,369	11,820,739	11,183,924
Net (outgoing)/incoming resources before transfers		(64,912)	-	809,963	745,051	215,827
Gross transfers between funds:						
Release of capital grants		116,302	(116,302)	-	-	-
Net incoming/(outgoing) resources on ordinary activities		51,390	(116,302)	809,963	745,051	215,827
Minority interest		-	-	-	-	-
Net movement in funds		51,390	(116,302)	809,963	745,051	215,827
Reconciliation of funds						
Total funds brought forward		794,232	1,367,172	159,000	2,320,404	2,104,577
Total funds carried forward	14/15 /16	845,622	1,250,870	968,963	3,065,455	2,320,404

All incoming resources and resources expended derive from continuing activities

Company statement of financial activities and Income and Expenditure Account

for the year ended 31 March 2011

		Unrestricted Funds		Restricted Funds	2011	2010
		General	Designated	Funds	Total	Total
		£	£	£	£	£
	Notes					
Incoming Resources						
Incoming Resource from Generated funds						
Voluntary Income	2a	9,226,851	-	640,295	9,867,146	9,640,017
Activities for generating funds		581,084	-	17,400	598,484	497,201
Investment income		6,118	-	-	6,118	630
Incoming resources from charitable activities	2b	1,426,405	-	347,637	1,774,042	1,261,903
Total Incoming resources		<u>11,240,458</u>	<u>-</u>	<u>1,005,332</u>	<u>12,245,790</u>	<u>11,399,751</u>
Resource expended						
Cost of generating funds						
Cost of generating voluntary income		39,857	-	-	39,857	30,754
Fundraising costs		246,415	-	-	246,415	231,469
		<u>286,272</u>	<u>-</u>	<u>-</u>	<u>286,272</u>	<u>262,223</u>
Charitable activities		10,994,536	-	515,369	11,509,905	10,894,860
Governance costs		<u>24,562</u>	<u>-</u>	<u>-</u>	<u>24,562</u>	<u>26,841</u>
Total resources expended	3/4	<u>11,305,370</u>	<u>-</u>	<u>515,369</u>	<u>11,820,739</u>	<u>11,183,924</u>
Net (outgoing)/incoming resources before transfers		(64,912)	-	489,963	425,051	215,827
Gross transfers between funds:						
Release of capital grants		<u>116,302</u>	<u>(116,302)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net incoming/(outgoing) resources on ordinary activities		51,390	(116,302)	489,963	425,051	215,827
Minority interest		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		51,390	(116,302)	489,963	425,051	215,827
Reconciliation of funds						
Total funds brought forward		793,601	1,367,172	159,000	2,319,773	2,103,946
Total funds carried forward	14/15 /16	<u>844,991</u>	<u>1,250,870</u>	<u>648,963</u>	<u>2,744,824</u>	<u>2,319,773</u>

All incoming resources and resources expended derive from continuing activities

Balance sheets

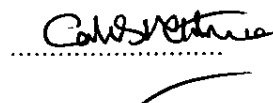
at 31 March 2011

		Group		Company	
	Notes	2011 £	2010 £	2011 £	2010 £
Fixed assets					
Tangible assets	7	2,876,838	2,756,041	2,351,402	2,539,945
Investments	8	-	-	1,500	1,500
		2,876,838	2,756,041	2,352,902	2,541,445
Current assets					
Debtors	9	1,040,756	1,641,912	1,066,769	1,678,585
Cash at bank and in hand		528,366	16,072	520,878	13,584
		1,569,122	1,657,984	1,587,647	1,692,169
Creditors: amounts falling due within one year	10	(1,271,321)	(1,840,749)	(1,092,012)	(1,793,165)
Net current assets/(liabilities)		297,801	(182,765)	495,635	(100,996)
Total assets less current liabilities		3,169,639	2,573,276	2,848,537	2,440,449
Creditors: amounts falling due after more than one year					
Debentures	12	-	(75,000)	-	-
Debenture premium provision	12	-	(56,725)	-	-
Other loans	13a	(103,713)	(117,612)	(103,713)	(117,612)
Obligations under hire purchase contracts	13b	-	(3,064)	-	(3,064)
		(103,713)	(252,401)	(103,713)	(120,676)
Minority interests		(471)	(471)	-	-
		(104,184)	(252,872)	(103,713)	(120,676)
Total assets less liabilities		3,065,455	2,320,404	2,744,824	2,319,773
Funds					
Unrestricted funds:					
- Designated	14	1,250,870	1,367,172	1,250,870	1,367,172
- General	16	845,622	794,232	844,991	793,601
		2,096,492	2,161,404	2,095,861	2,160,773
Restricted funds	15	968,963	159,000	648,963	159,000
	17	3,065,455	2,320,404	2,744,824	2,319,773

The financial statements were approved and authorised for issue by the board of directors on 25 August 2011 and signed on its behalf by:

Colin J S McClatchie

Chair



Consolidated and Company cash flow statement

for the year ended 31 March 2011

	Notes	Group		Company	
		2011 £	2010 £	2011 £	2010 £
Net cash inflow from operating activities	19a	1,519,411	274,427	1,210,071	274,427
Returns/(costs) on investment and servicing of finance	19b	4,987	(5,848)	4,987	(5,848)
Capital expenditure and financial investment	19b	(869,942)	(316,294)	(60,602)	(316,294)
Financing		1,154,456	(47,715)	1,154,456	(47,715)
Debt (repaid)/incurred	19b	(59,393)	78,490	(59,393)	78,490
Increase in cash		1,095,063	30,775	1,095,063	30,775
Reconciliation of net cash flows to movement in net funds					
Increase in cash		1,095,063	30,775	1,095,063	30,775
Cash outflow/(inflow) from debt		59,393	(78,490)	59,393	(78,490)
Movement in net funds during the year		1,154,456	(47,715)	1,154,456	(47,715)
Net (debt) at 1 April 2010		(892,748)	(845,033)	(892,748)	(845,033)
Net funds at 31 March 2011		261,708	(892,748)	261,708	(892,748)

The analysis of net funds is shown at note 19c.

Notes to the accounts

at 31 March 2011

1. Accounting policies

Going Concern

The company is a charity, limited by guarantee, and substantially relies upon funding by public grants and donations from other sources for its current and future commitments. The accounts have been prepared on the going concern basis, the validity of which depends on the ability of the group to obtain adequate funding and operate within available funding. The directors are confident that this basis is appropriate based on confirmed grant levels for 2011/12 and expectations for 2012/13.

(a) Basis of preparation

The accounts are prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (revised 2005)

(b) Accounting reference date

The accounts have been prepared for the year to 31 March 2011

(c) Basis of consolidation

The consolidated accounts of the group of Scottish Opera companies represent the parent company, Scottish Opera, and its two subsidiaries Scottish Opera Theatre Royal Limited and Scottish Opera Theatre Trust Limited for the year ended 31 March 2011.

(d) Tangible fixed assets

All fixed assets are initially recorded at cost. Depreciation is provided on all fixed assets, other than freehold land, at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	4%
Leasehold improvements	-	20%
Stage machinery & equipment	-	16.6%-20%
Musical instruments	-	20%
Office equipment	-	20%
Computer equipment	-	33 1/3%
Motor vehicles	-	25%

(e) Income and incoming resources

Income arising in the year is stated exclusive of VAT and embraces box office receipts, sponsorship and other commercial fees, together with revenue grants received from the Scottish Government and local authorities. Incoming resources comprise income arising in the year along with capital grants and interest receivable in the year.

Notes to the accounts

at 31 March 2011

(f) Resources Expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT, which cannot be fully recovered and is reported as part of the expenditure to which it relates:

Costs of generating funds comprise the costs associated with attracting voluntary income. Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

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

All costs are allocated between expenditure categories of the SOFA on a basis designated to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on a percentage of total resources expended.

(g) Future production expenditure

Production expenditure is the direct marginal cost incurred in mounting a new production or re-mounting a production when revived. Production expenditure is initially carried in the balance sheet and is then charged to the income and expenditure account in the period when the initial run of performances occurs. Production expenditure is not carried forward in anticipation of the production being revived in future financial years. Where a performance run falls into two financial years, the expenditure is charged to the income and expenditure account in proportion to the number of performances taking place in each of the financial years.

(h) Leasing

Assets held under finance leases are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the income and expenditure account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

(i) Capital grants and donations

Incoming resources from capital grants and donations for capital purposes are credited to designated funds. These designated funds are released to general funds over the expected useful lives of the relevant assets by equal annual instalments.

(j) Pensions

The company operates a number of defined contribution pension schemes. Contributions are charged to the income and expenditure account as they become payable in accordance with the rules of the schemes.

(k) Investments

Investments in subsidiary undertakings are included at cost.

(l) Gifts in Kind

Gifts in Kind are valued at appropriate market rates and are credited to the accounts in the year in which they are received. Where the gift relates to operational expenditure, an equivalent expenditure is charged to the accounts within the same year.

Notes to the accounts at 31 March 2011

(m) Governance costs

Governance costs of £24,562 (2010 £26,841) are made up of costs of the Board, corporate legal costs and the audit fee.

2. Income

a) Voluntary Income

Group

	2011 £	2010 £
Scottish Government Revenue Grant	8,963,000	8,628,765
Scottish Government Additional Support Grant	275,000	30,000
Scottish Government International Touring Fund	32,747	33,000
Scottish Government Capital Grant	320,000	59,500
Scottish Local Authorities	56,250	61,750
Cross Border Touring Grant	523	142,539
Gifts in Kind	71,455	156,500
Scottish Opera Endowment Trust	20,150	35,000
Friends of Scottish Opera	60,000	42,100
Fundraising for core activities	388,021	450,863
	<u>10,187,146</u>	<u>9,640,017</u>

The restricted income represents funding from the Scottish Government, Cross Border Touring Fund, Friends of Scottish Opera, Scottish Opera Endowment Trust and private bodies.

Company

	2011 £	2010 £
Scottish Government Revenue Grant	8,963,000	8,628,765
Scottish Government Additional Support Grant	275,000	30,000
Scottish Government International Touring Fund	32,747	33,000
Scottish Government Capital Grant	-	59,500
Scottish Local Authorities	56,250	61,750
Cross Border Touring Grant	523	142,539
Gifts in Kind	71,455	156,500
Scottish Opera Endowment Trust	20,150	35,000
Friends of Scottish Opera	60,000	42,100
Fundraising for core activities	388,021	450,863
	<u>9,867,146</u>	<u>9,640,017</u>

The restricted income represents funding from the Scottish Government, Cross Border Touring Fund, Friends of Scottish Opera, Scottish Opera Endowment Trust and private bodies.

Notes to the accounts

at 31 March 2011

b) Incoming resources from charitable activities

Group and Company

	2011	2010
	£	£
Main scale productions	1,254,689	940,986
Small and Medium scale Touring	100,897	53,051
Education	361,652	206,744
Concerts	56,804	61,122
	<u>1,774,042</u>	<u>1,261,903</u>

The restricted income represents funding from Companies, Trusts and private individuals.

Notes to the accounts

at 31 March 2011

3. Expenditure – Analysis of total resources expended

	Staff Costs	Depreciation	Other costs	2011 Total £	2010 Total £
	£	£	£		
Costs of generating funds					
Cost of generating voluntary income	39,857	-	-	39,857	30,754
Fundraising costs	195,907	-	50,508	246,415	231,469
	<u>235,764</u>	<u>-</u>	<u>50,508</u>	<u>286,272</u>	<u>262,223</u>
Charitable activities					
Main scale productions and Concerts					
Basic staff costs	3,190,143	-	-	3,190,143	3,131,153
Design, construction and rehearsal costs	529,635	-	1,291,914	1,821,549	1,814,210
Performing costs	488,137	-	1,646,642	2,134,779	2,161,948
Theatre rentals	-	-	480,823	480,823	474,368
Marketing	296,720	-	357,924	654,644	575,732
	<u>4,504,635</u>	<u>-</u>	<u>3,777,303</u>	<u>8,281,938</u>	<u>8,157,410</u>
Small and Medium Scale Touring	35,367	-	508,342	543,709	342,111
Education	148,511	-	499,993	648,504	547,555
Support costs	551,888	249,125	1,234,741	2,035,754	1,847,785
	<u>5,240,401</u>	<u>249,125</u>	<u>6,020,379</u>	<u>11,509,905</u>	<u>10,894,860</u>
Governance	-	-	24,562	24,562	26,841
Total resources expended	<u>5,476,165</u>	<u>249,125</u>	<u>6,095,449</u>	<u>11,820,739</u>	<u>11,183,924</u>

Included within total costs are the following costs in respect of investment in new productions

	2011 £	2010 £
Design, construction and rehearsal costs	<u>1,276,670</u>	<u>1,795,955</u>

The income and net expenditure on ordinary activities are wholly attributable to the group's principal activities, which are performed substantially in the United Kingdom.

Notes to the accounts
at 31 March 2011

4. Expenditure – other disclosures

Charitable expenditure includes:

Fees payable to auditors

-audit services (company 2011 - £16,000, 2010 - £16,000)

Depreciation:

-owned assets

-hire purchase assets

Operating lease rentals

-land and buildings

-other

2011 £	2010 £
16,500	16,500
248,145	255,342
-	15,045
87,000	87,000
277,931	277,931

5. Interest payable and similar charges

Bank loan interest

Other interest and charges

2011 £	2010 £
1,131	4,534
8,304	15,893
9,435	20,427

Notes to the accounts

at 31 March 2011

6. Staff costs

a)

	Group 2011 £	Group 2010 £
Wages	3,478,780	3,383,242
Social security costs	475,193	461,713
Pension costs	240,086	239,848
	<u>4,194,059</u>	<u>4,084,803</u>

The average number of employees in the year was:

131 126

The staff costs detailed in note 3 contain an element of costs brought forward from previous years relating to projects undertaken in the year ended 31 March 2011.

The numbers of employees whose emoluments exceeded £60,000 fall within the undernoted bands:

	2011 No.	2010 No.
£60,000 - £69,999	3	3
£70,000 - £79,999	1	1
£100,000 - £109,999	-	-
£110,000 - £119,999	1	1
£120,000 - £129,999	-	-

For employees in the above bandings, contributions of £28,410 (2010 - £28,410) were made during the year for the provision of money purchase pension benefits.

b) Directors' emoluments:

	2011 £	2010 £
Emoluments	123,767	118,124
Company contributions paid to pension schemes	8,538	8,452
Members of money purchase pension schemes	1	1

Expenses reimbursed to directors in the year totalled £17,215 (2010 - £22,249).

The director's emoluments and pension contributions referred to above were paid in respect of Alex Reedijk under a contract of employment with the company for his position as General Director as provided for in the Memorandum of Association of the Company.

Notes to the accounts

at 31 March 2011

7. Fixed assets

Group

	Freehold land and buildings £	Leasehold improve- ments £	Stage machinery and electrical equipm't £	Musical instruments £	Office equipm't £	Motor vehicles £	Total £
Cost:							
At 1 April 2010	12,744,867	73,404	745,143	239,398	1,122,300	126,019	15,051,131
Additions	323,241	4,711	24,957	1,702	1,658	13,673	369,942
Disposals	-	-	(109,520)	-	(971,991)	(7,214)	(1,088,725)
At 31 March 2011	13,068,108	78,115	660,580	241,100	151,967	132,478	14,332,348
Aggregate depreciation:							
At 1 April 2010	10,211,162	73,404	581,599	212,599	1,090,307	126,019	12,295,090
Charge for year	165,603	895	47,926	10,514	20,769	3,418	249,125
Disposals	-	-	(109,520)	-	(971,971)	(7,214)	(1,088,705)
At 31 March 2010	10,376,765	74,299	520,005	223,113	139,105	122,223	11,455,510
Net book value:							
At 31 March 2011	2,691,343	3,816	140,575	17,987	12,862	10,255	2,876,838
At 1 April 2010	2,533,705	-	163,544	26,799	31,993	-	2,756,041

No value is attributed to land for the freehold theatre. The net book value of vehicles includes £nil (2010 - £nil) in respect of assets held under hire purchase contracts. The depreciation of vehicles includes £15,046 (2010 - £15,046) in respect of assets held under hire purchase contracts.

Notes to the accounts

at 31 March 2011

7. Fixed assets (continued)

Company

	Freehold land and buildings £	Leasehold improve- ments £	Stage machinery and electrical equipm't £	Musical instruments £	Office equipm't £	Motor vehicles £	Total £
Cost:							
At 1 April 2010	4,153,916	73,404	506,978	239,398	926,930	126,019	6,026,645
Additions	13,901	4,711	24,957	1,702	1,658	13,673	60,602
Disposals	-	-	-	-	(776,623)	(7,214)	(783,837)
At 31 March 2011	4,167,817	78,115	531,935	241,100	151,965	132,478	5,303,410
Aggregate depreciation:							
At 1 April 2010	1,836,182	73,404	342,964	212,599	895,532	126,019	3,486,700
Charge for year	165,603	895	47,926	10,514	20,769	3,418	249,125
Disposals	-	-	-	-	(776,603)	(7,214)	(783,817)
At 31 March 2011	2,001,785	74,299	390,890	223,113	139,698	122,223	2,952,008
Net book value:							
At 31 March 2011	2,166,032	3,816	141,045	17,987	12,267	10,255	2,351,402
At 1 April 2010	2,317,734	-	164,014	26,799	31,398	-	2,539,945

The net book value of vehicles includes £nil (2010 - £nil) in respect of assets held under hire purchase contracts. The depreciation of vehicles includes £15,406 (2010 - £15,406) in respect of assets held under hire purchase contracts.

Notes to the accounts

at 31 March 2011

8. Investments

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Investment in subsidiary undertakings at cost		-	1,500	1,500
<i>Name of subsidiary undertaking</i>	<i>Country of registration</i>	<i>Class of shares held</i>		<i>Percentage holding</i>
Scottish Opera Theatre Royal Limited	Scotland	Ordinary £1		100%
Scottish Opera Theatre Trust Limited	Scotland	'A' Ordinary £1		100%*
(through Scottish Opera Theatre Royal Limited)		'B' Ordinary £1		100%*
Scottish Opera Theatre Trust Limited	Scotland	'C' Ordinary £1		nil%*

* These holdings constitute 75% of the total share capital of this company.

9. Debtors

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Trade debtors	320,556	265,941	320,556	265,941
Other debtors	22,582	208,487	22,582	208,487
Other taxes	156,459	57,573	156,459	57,573
Future productions expenditure	461,676	719,655	461,676	719,655
Prepayments and accrued income	79,483	390,256	79,483	390,256
Amount due from subsidiary	-	-	26,013	36,673
	1,040,756	1,641,912	1,066,769	1,678,585

Included in future production expenditure are amounts of £55,563 (2010: £,908) due after more than one year.

10. Creditors: amounts falling due within one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Bank overdraft	61,155	648,924	61,155	648,924
Trade creditors	671,449	489,439	671,449	489,439
Other taxes and social security costs	122,663	97,379	122,663	97,441
Advance income	443	18,150	443	18,150
Accruals and other obligations	262,091	522,637	214,507	474,991
Bank loans (note 13a)	18,726	52,584	18,726	52,584
Obligations to hire purchase contracts	3,064	11,636	3,064	11,636
Debentures (note 12)	75,000	-	-	-
Debenture premium (note 12)	56,725	-	-	-
	1,271,321	1,840,749	1,092,012	1,793,165

The bank overdraft is secured on the freehold property at Edington Street.

Notes to the accounts

at 31 March 2011

11. Obligations under operating leases

Annual commitments under non-cancellable operating leases are as follows:

	2011	2011	2010	2010
	Land & buildings	Other	Land & buildings	Other
	£	£	£	£
Group and company				
Operating leases which expire:				
Within one year	42,000	-	42,000	-
Between two and five years	-	277,931	-	277,931
Over five years	45,000	-	45,000	-
	<u>87,000</u>	<u>277,931</u>	<u>87,000</u>	<u>277,931</u>

12. Debentures

Debentures:

Debentures of £25,000 each

Group	Group
2011	2010
£	£
-	75,000

There are three interest free debentures of £25,000 each secured over the Theatre Royal, redeemable between 14 October 2005 and 14 October 2011. Under the terms of the debentures, premiums are payable on redemption based on the market values of the Theatre Royal at 1 January 1985 and at 1 January 1995. These have been reclassified as current liabilities, together with the related premiums.

The debentures will have a further premium totalling £18,750 payable on redemption. Provision has been made for the premium relating to the years ended 31 March 2006.

Debenture Premiums Provided:

	Group	Group
	2011	2010
	£	£
Premium arising at 1 January 1985	18,750	18,750
Premium arising at 1 January 1995	18,750	18,750
	<u>37,500</u>	<u>37,500</u>
Premiums accruing up to 1 January 1995		
Premium accruing from 1 January 1995:		
As at 1 April	19,225	19,225
Accrued during the year	-	-
	<u>19,225</u>	<u>19,225</u>
As at 31 March		
Total premium accrued at 31 March	56,725	56,725
Transfer to current liabilities	(56,725)	-

Notes to the accounts

at 31 March 2011

13. Other loans and hire purchase obligations

a) Loans

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Repayable within five years: £205,000 bank loan at 1% above base rate, repayable in monthly instalments commencing 15 December 2005		33,858		33,858
Not wholly repayable within five years: £150,000 bank loan at 3.1 % above base rate, repayable in monthly instalments commencing 18 May 2009	122,439	136,338	122,439	136,338
Less: Included in creditors: amounts falling due within one year	(18,726)	(52,584)	(18,726)	(52,584)
	103,713	117,612	103,713	117,612
Amounts repayable:				
In one year or less	18,726	52,584	18,726	52,584
Between one and two years	18,726	18,726	18,726	18,726
Between two and five years	84,987	98,886	84,987	98,886
	122,439	170,196	122,439	170,196

The loans are secured by a fixed charge on the freehold property at Edington Street.

b) Obligations under hire purchase contracts

Group and company

	2011 £	2010 £
Amounts payable:		
Within one year	3,064	11,636
In two to five years		3,064
	3,064	14,700

Notes to the accounts

at 31 March 2011

14. Designated Funds

Designated funds consist of incoming resources from capital grants and donations for capital purposes. These designated funds are released to general funds over the expected useful lives of the relevant assets by equal annual instalments.

15. Restricted Funds

Group

	Advance Funding £	Fundraising £	Total £
Balance at 1 April	159,000	-	159,000
Income	851,000	474,332	1,325,332
Expenditure	(159,000)	(356,369)	(515,369)
Balance at 31 March	851,000	117,963	968,963

Company

	Advance Funding £	Fundraising £	Total £
Balance at 1 April	159,000	-	159,000
Income	531,000	474,332	1,005,332
Expenditure	(159,000)	(356,369)	(515,369)
Balance at 31 March	531,000	117,963	648,963

Advance Funding

This contains monies received from public funds for projects in future years. This includes support for future off shore touring, 4 new commissions to be performed in 2012 and other new opera productions. The group balance also contains funds to transform the Theatre Royal.

Fundraising

This fund consists of fundraising monies given to be used for specific projects.

Notes to the accounts

at 31 March 2011

16. General reserves

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Opening balance	794,232	623,420	793,601	622,789
(Deficit)/surplus	(64,912)	54,507	(64,912)	54,507
Transfer	116,302	116,305	116,302	116,305
Closing balance	845,622	794,232	844,991	793,601

17. Analysis of reserves between net assets

Group

	Total £	Unrestricted Funds		Restricted Funds £
		General £	Designated £	
Fixed assets	2,876,838	1,305,968	1,250,870	320,000
Current assets	1,564,122	915,159	-	648,963
Current liabilities	(1,271,321)	(1,271,321)	-	-
Long term liabilities	(104,184)	(104,184)	-	-
Total	3,065,455	845,622	1,367,172	968,963

Company

	Total £	Unrestricted Funds		Restricted Funds £
		General £	Designated £	
Fixed assets	2,352,902	1,102,032	1,250,870	-
Current assets	1,587,647	938,684	-	648,963
Current liabilities	(1,092,012)	(1,092,012)	-	-
Long term liabilities	(103,713)	(103,713)	-	-
Total	2,744,824	844,991	1,250,870	648,963

Notes to the accounts

at 31 March 2011

18. Liability of members

The company was incorporated in 1962 as one limited by guarantee and not having a share capital. In the event of the winding up of the company a member is liable to contribute a sum not exceeding £1.

19. Cash flow statement

a) Reconciliation of net income/(expenditure) to net cash inflow from operating activities:

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Net income on ordinary activities	51,390	170,812	51,390	170,812
Interest receivable	(6,113)	(630)	(6,113)	(630)
Interest payable	1,131	6,478	1,131	6,478
Depreciation	249,125	270,387	249,125	270,387
Net income/(expenditure) in restricted and designated funds	693,661	45,015	373,661	45,015
Decrease/(increase) in debtors	601,156	(366,410)	611,816	(366,410)
(Decrease)/increase in creditors	(70,954)	148,775	(70,954)	148,775
	<u>1,519,411</u>	<u>274,427</u>	<u>1,210,071</u>	<u>274,427</u>

b) Analysis of cash flows for headings netted in the cash flow statement:

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Returns on investments and servicing of finance				
Interest received	6,113	630	22,582	630
Interest paid	(1,131)	(6,478)	(156,459)	(6,478)
	<u>4,987</u>	<u>(5,848)</u>	<u>1,066,769</u>	<u>(5,848)</u>
Capital expenditure and financial investment				
Purchase of fixed assets	(369,942)	(316,294)	(60,602)	(316,294)
	<u>(369,942)</u>	<u>(316,294)</u>	<u>1,066,769</u>	<u>(316,294)</u>
Financing				
Acquisition of long term loan		150,000		150,000
Repayment of long term loans	(47,757)	(59,874)	(47,757)	(59,874)
Hire Purchase payments	(11,636)	(11,636)	(11,636)	(11,636)
	<u>(59,393)</u>	<u>78,490</u>	<u>(59,393)</u>	<u>78,490</u>

Notes to the accounts at 31 March 2011

19. Cash flow statement (continued)

c) Analysis of Group net funds: -

	At 1 April 2010 £	Cash flow £	Other changes £	At 31 March 2011 £
Bank and cash in hand	16,072	507,294	-	523,366
Bank overdraft	(648,924)	587,769	-	(61,155)
	(632,852)	1,095,063	-	462,211
Debentures	(75,000)	-	-	(75,000)
Other loans	(170,196)	47,757	-	(122,439)
Hire purchase contracts	(14,700)	11,636	-	(3,064)
	(892,748)	1,154,456	-	261,708

20. Commitments

The company is committed to contracts with guest artistes, etc. and other costs in connection with future productions in the sum of £561,585 (2010 - £352,576) of which £447,173 relates to the year to 31 March 2012 and £114,412 relates to later years. These amounts have not been included in the accounts.

21. Pension commitments

The group operates a number of defined contribution pension schemes. Contributions are charged to the income and expenditure account as they become payable in accordance with the rules of the schemes.

The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £240,086 for the group and £240,086 for the company (2010 - £239,848 and £239,848 respectively).

The group also operates a final salary pension scheme. Due to the retirement of the one active member within this scheme the company may be liable for a section 75 liability, however the company is considering the possibility of introducing another member into the scheme, a decision that needs to be taken by 31 October 2011. The amount of any such liability is not yet known and it is not possible to provide an accurate estimate.

22. Contingent liabilities

There are contingent liabilities totalling £2,336,796 (2010 - £2,366,796) in respect of government and local authority grants which may become repayable on the sale of the relevant property, or their main purpose changed, or in the event of a liquidation of all or part of the group. Standard securities have been granted in favour of the Scottish Arts Council and The Royal Bank of Scotland PLC over the technical centre at Edington Street, Glasgow.

23. Related party transactions

The company has taken advantage of the exemption granted by paragraph 3c of the Financial Reporting Standard 8 not to disclose transactions with the other group companies.