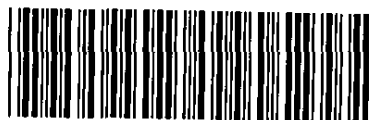


## Scottish Opera (Limited by Guarantee)

### Report and Accounts

31 March 2013

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COMPANIES HOUSE

**Scottish Opera**  
(Limited by Guarantee)

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Registered No: SC037531

**Company Information**

**Directors**

Colin J S McClatchie	(Chair)
Elisabeth Kerr	(Vice chair)
John McCormick	(Vice chair)
Dame Elish Angiolini QC	
Rona Mackie Black CBE	
Anthony Burton OBE	
Sir John Elvidge	
Dominic Fry	
Trevor Hatton	
Shields Henderson	
Peter Lawson	
Colin McCallum	
John Mulgrew OBE	
Alex Reedijk	(General Director)

**Secretary**

Judith Patrickson FCA DChA

**Auditor**

Scott-Moncrieff  
25 Bothwell Street  
Glasgow  
G2 6NL

**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.

During this period, the Company celebrated a very special milestone - the 50th anniversary of its founding by Sir Alexander Gibson in 1962 - with a special season of work and extended touring to 50 venues nationwide, ensuring that a Scottish Opera performance was within a 30 minute drive of 90% of Scotland's population.

I am delighted that the Company's 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.

The Company continues to be in secure financial health, and is determined to continue to provide value and to be a highly efficient organisation, creating as much wonderful opera as possible for the Scottish taxpayer.

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. Particular thanks are due to Fiona Hyslop MSP, Cabinet Secretary 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.

I would 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, our anniversary year. I have been delighted by the growth of the Alexander Gibson Circle stimulated by the 50<sup>th</sup> Anniversary Appeal. I am further indebted to the many trusts and businesses which have continued to support Scottish Opera financially this year.

The Board meets four times a year and is supported by a strong and active subcommittee structure. The Directors' continued enthusiasm for and commitment to the Company is much appreciated.

As owners of the Theatre Royal Glasgow, Scottish Opera continues to lead the campaign to raise the funding necessary to carry out significant improvements to the public spaces. Building work has begun and is making steady progress towards completion in May 2014 in time for Glasgow's hosting of the Commonwealth Games.

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 to Alex Reedijk, Francesco Corti and all the artists and staff of the Company for their ongoing flexibility, willingness and enthusiasm for all matters operative that have enabled Scottish Opera to enjoy a great and suitably celebratory year!

Colin J S McClatchie  
Chairman

20 September 2013

## **General Director's report**

### ***Scottish Opera - essential to the artistic life of Scotland for over 50 years.***

As Scottish Opera nears the end of its 50th anniversary season, I am delighted to report that in 2012/13 the Company enjoyed a particularly artistically, critically and financially successful year.

An anniversary is a time for looking backwards, celebrating what has gone before, but also for looking forwards, building on past successes for a strong future. We have achieved both this year with a strong commitment to the four strands of work that make up Scottish Opera's DNA: high quality mainstage work, extensive touring, high profile new commissions and internationally recognised education projects.

At the very heart of all that we do is the drive to make fabulous fully-staged opera that resonates with our audience, and over the course of this financial year Scottish Opera presented 10 wonderful operas in Scotland. Our unique approach to serving our audience meant that, as well as 73 mainstage opera performances between Glasgow, Edinburgh, Aberdeen, Inverness, and Belfast including 11 performances of *Opera Unwrapped*, we toured smaller scale opera to 50 communities throughout Scotland tailored to the size of the individual venues we visit, and delivered 22 education projects both within the UK and abroad.

We continue to work hard to develop and sustain new audiences, and this commitment saw us take tasters of our mainstage shows in the form of *A Little Bit of...* to venues as diverse as a garden centre, a swimming pool, the Scottish Parliament and Edinburgh Zoo.

Successful collaborations are both a financial necessity and an opening to interesting artistic adventures and this year we continued our long-term relationships with Music Theatre Wales and The Royal Conservatoire of Scotland.

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 92% 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 650 people in the year, including contract artists, artisans and other professionals while retaining a core staff of 141 full time equivalent employees.

As we approach the end of Francesco Corti's six year term as Music Director in July 2013, we have begun to look for a new Music Director who will continue to uphold the strong artistic and musical values of the Company. We expect to appoint in the new financial year to ensure continuity of musical leadership.

Our audience attendance grew by 17% compared to 2011/12 and 8.2% of our audience is under 26 – a testament to the growth and strength of the Under 26 £10 Ticket which has seen over 18,000 young people join our audience since the scheme's inception in 2006. This year, the appeal of *The Magic Flute* drew in the highest number of under 26 attenders of any single production so far.

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 1.2% cut in Scottish Government support factored into the 2013/14 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

## General Director's report

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.

### **Scottish Opera Performances**

I am extremely proud 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.

Between April 2012 and March 2013 we presented eight mainstage operas – all carefully chosen to give our audiences a “balanced basket” of work.

In the spring/summer, the Company performed a revival of the much loved Anthony Besch production of Verdi's *Tosca* which toured to the 4 main cities across Scotland. This was conducted by Scottish Opera's Music Director Francesco Corti, with Susannah Glanville as *Tosca*, Jose Ferrero as *Cavaradossi* and, in one of his last roles, Robert Poulton as *Scarpia*.

This was followed by a season of New Opera Made in Scotland – four newly commissioned operas, three of which received their world premieres at the Edinburgh International Festival. These operas were:

*The Lady from the Sea* with music by Craig Armstrong and libretto by Zoe Strachan, based on the play by Henrik Ibsen, in a co production with Edinburgh International Festival

*In the Locked Room* with music by Huw Watkins and libretto by David Harsent based on a short story by Thomas Hardy, in a co-commission and co-production with Music Theatre Wales.

*Ghost Patrol* with music by Stuart MacRae and libretto by Louise Welsh, in a co-commission and co-production with Music Theatre Wales

*Clemency* with music by James MacMillan and libretto by Michael Symmons Roberts, in a co-commission with ROH2, Britten Sinfonia and Boston Lyric Opera and in co- production with ROH2.

*The Lady from the Sea* won a Herald Angel award whilst *Ghost Patrol* won the South Bank Sky Arts award for Opera and, along with *In the Locked Room*, was nominated for an Olivier Award.

In the autumn of 2012 the season began with a stunning production of Mozart's *The Magic Flute*, masterfully directed by Sir Thomas Allen designed by Simon Higlett and lighting designer Mark Jonathan. Conductor Ekhart Wycik led a wonderful cast including Richard Burkhard as Papageno and Nicky Spence as Tamino.

In February, Pia Furtado directed a theatrical new production of *Werther* by Massenet, designed by Helen Goddard with lighting designer Oliver Fenwick and conducted by Francesco Corti.

In the autumn of 2012 a touring production of Verdi's *La traviata*, directed by Annilese Miskimmon, opened at the Eastwood Park Theatre, Giffnock and then visited 32 Scottish venues. In addition, the piano-accompanied *Opera Highlights* tour visited a further 17 venues in Scotland between the end of January and mid-February.

On 5 June 2012, in celebration of the very date of Scottish Opera's 50<sup>th</sup> birthday, a concert performance of Mascagni's *Cavalleria Rusticana* and Leoncavallo's *Pagliacci* was given in the City Halls in Glasgow, conducted by Francesco Corti and starring Leah-Marian Jones, Francesco Anile and Thomas Oliemans.

## **General Director's report**

The Company continued its association with the Royal Conservatoire of Scotland, presenting Britten's *A Midsummer Nights Dream*. The production was conducted by Timothy Dean and performed at the Theatre Royal Glasgow, The Edinburgh Festival Theatre and, in a concert performance, at Eden Court Theatre, Inverness at the end of January. Once again instrumental students were given the opportunity of playing with The Orchestra of Scottish Opera, both for the production, and a concert celebrating Verdi and Wagner's work.

### ***The Orchestra of Scottish Opera***

The orchestra, led by Music Director Francesco Corti, continued to enjoy good reviews for all its work both in a lyric capacity and on the concert platform. In addition to three Sunday afternoon concerts at St Andrew's in the Square, the orchestra gave a performance at Paisley Abbey as part of the Abbey's 850<sup>th</sup> anniversary celebrations. The programme, which featured Respighi's *Trittico Botticelliano*, and Franck's *Symphony in D minor*, perfectly suited the building's wonderful acoustic. The orchestra also undertook a number of external engagements for organisations such as Dundee Choral Union, City of Glasgow Chorus, and Ayr Arts Guild.

### ***Scottish Opera Education***

Since April 2012, the education team has delivered 22 projects (an increase from 17 in 11/12) including: participation in the Olympic Torch Relay in East Lothian and, with 565 children representing the five London Gateway boroughs, performed *Scotland our Scotland* as part of the London 2012 Cultural programme.

The education team's contribution to Scottish Opera's 50<sup>th</sup> birthday celebrations was a new commission from the company's Composer in Residence Gareth Williams: *The Elephant Angel* with libretto by novelist Bernard McLaverty based on a true story set in World War II Belfast. The cast included 360 local children (performing in groups of 30 per venue). The production received 4 star reviews, and was attended by just over 2,500 people at 12 performances across Northern Ireland and Scotland.

*A Little Bit of Magic Flute* and *A Little Bit of Tosca* gave a total of 57 performances in a hugely diverse range of venues; this continues to be one of our most appealing and sought after events with people from all ages, experiences and geographical locations enjoying this unique combination of singers, storytelling and illustrations.

SensoryO – our work for toddlers and older children with additional learning needs gave a total of 44 performances in theatre venues across Scotland, North Wales, London and Abu Dhabi in addition to visiting 17 Special Schools in six Scottish Local Authority areas.

The education team was very active again internationally this year, with a visit supported by the Scottish Government to work with the Normal University of Tianjin in China while the creative team for the Commonwealth Games project made visits to work with schools and communities in Botswana, India and Canada and the score composed by Pippa Murphy and libretto by Alexander McCall Smith is now well underway.

### ***Scottish Opera External Support***

Even though the financial climate continues to be challenging, we have had another successful year in raising funds from the private sector. Gifts from individuals, who also support the Company by coming to our performances, continue to provide the largest percentage of our fundraising income.

Particular thanks go to the trustees of Dunard Fund and The Binks Trust, and members of the Scottish Opera Syndicate, for their generous support of our major productions. We also enjoy the support of almost 450 Patrons and donors of the Alexander Gibson Circle, plus numerous

## **General Director's report**

Emerging Artists Benefactors, Education Angels and around 1,600 Friends of Scottish Opera. Our 50<sup>th</sup> Birthday Appeal attracted over 100 new supporters to the Alexander Gibson Circle. We are hugely grateful for this generosity and the way this enables us to enjoy a closer relationship with our supporters.

We greatly value the grants we receive from a large number of charitable trusts and foundations. Our extensive education and outreach programme is a major beneficiary of these funds. Particular recognition goes to Esmée Fairbairn Foundation, The Gannochy Trust, The Leverhulme Trust, The John Mather Charitable Trust, The Robertson Scholarship Trust and The Wellcome Trust for their significant support.

Accenture's sponsorship of Scottish Opera since 2008 received a commendation in the Arts & Business Scotland 2013 Awards and new sponsorships from GTG Training & Conferencing and Navigant attracted matched funding through the Scottish Government's New Arts Sponsorship Grants scheme administered by Arts & Business. Our sincere thanks go to all the businesses that support Scottish Opera, with both cash and in-kind support, and who play a key role in introducing opera to many people who attend our performances as their guests.

The overall fundraising and sponsorship raised in the financial year amounted to £991,487 (2012 £934,674) in cash and in kind.

The number of people who have become members of the Dame Janet Baker Circle, as a result of pledging a legacy to Scottish Opera, continues to rise. All legacies are invested in the Scottish Opera Endowment Trust, which means that the Company will benefit from the income for many years to come. The Scottish Opera Endowment Trust supports a range of projects of importance to Scottish Opera, in particular the development of young talent and commissioning of new work.

As ever, I am also immensely grateful to the many motivated, highly skilled, creative people who choose to work with and for Scottish Opera as the artists, artisans and other professionals who help us make and perform fabulous opera performances throughout Scotland.

Thank you.

Alex Reedijk  
General Director

20 September 2013

## Directors' report

The Directors present their report and accounts for the year ended 31 March 2013.

### 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)
Dame Elish Angiolini QC	
Rona Mackie Black CBE	
Anthony Burton OBE	(appointed 26 October 2012)
Sir John Elvidge	(appointed 26 October 2012)
Edward Crozier	(resigned 26 October 2012)
Dominic Fry	
Trevor Hatton	
Shields Henderson	
Peter Lawson	
Colin McCallum	
John Mulgrew OBE	
Alex Reedijk	(General Director)

### 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 was 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. On 23 April 2013 an application was lodged with Companies House to strike this company from public record. This company has been dormant for several years and is no longer required.

### 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

## **Directors' report**

- form collaborations with other national arts organisations to create and promote a fully co-ordinated arts and education programme
- 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), Dame Elish Angiolini, Anthony Burton, Sir John Elvidge, Dominic Fry, Trevor Hatton, Shields Henderson, Peter Lawson, Rona Mackie Black, Colin McCallum, 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 7 times in the year.

The members of the Committee are:

John McCormick (Chair), Sir John Elvidge, Trevor Hatton, Shields Henderson, Peter Lawson and Rona Mackie Black

### **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 3 non-executive Directors. A quorum consists of any 2 from these 3 people.

The Audit Committee met twice in the year.

The members of the Committee are:

Shields Henderson (Chair), Anthony Burton, 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.

The Nominations and Remuneration Committee consists of 4 non-executive Directors made up from the Vice Chairs and the 2 other non-executive Directors. The Chair of the Board of Scottish Opera is not eligible to sit on the Nominations Committee.

## **Directors' report**

The members of the Committee are:

Elisabeth Kerr (Chair), Dame Elish Angiolini, 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 6 non-executive Directors. A quorum shall consist of any 3 from these 6 people.

The Development Committee met 4 times during the year.

The members of the Committee are:

Shields Henderson (Chair), Rona Mackie Black, Anthony Burton, Dominic Fry, 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 did not meet during the year.

The members of the Committee are:

Elisabeth Kerr (Chair), Dame Elish Angiolini, 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.

## **Directors' report**

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**

Work has commenced on the redevelopment and extension of the public spaces of the Theatre Royal, on the piece of land purchased in June 2009. The Boards of Scottish Opera Theatre Royal Limited and the parent company Scottish Opera gave the final approval in June 2012.

Following an OJEU process the Company has 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 has received planning permission from Glasgow City Council.

After a similar OJEU process, Sir Robert McAlpine has been appointed as the contractor.

The new public spaces will be opened in May 2014.

### **Principal funding sources**

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

### **Reserves Policy**

At 31 March 2013 the group unrestricted general reserves amounted to £847,000 (2012: £884,587).

The directors have agreed that the appropriate level of unrestricted reserves is £500,000.

## **Directors' report**

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 operatic aims and objectives of the company. The additional reserves, which have built up over the last years will enable the company to present challenging programmes over the following 2 years, despite the anticipated reduction in government funding.

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.

### **National Insurance**

The result of a tax tribunal between HMRC and ITV changed the legal position of HMRC guidance on the payment of Employer National Insurance on freelance orchestral players fees, giving rise to a National Insurance liability within Scottish Opera. HMRC published consultation in April 2013 'National Insurance and Self-employed Entertainers' which aims to change the regulations to remove any liability for Employers National Insurance on freelance orchestral players. The directors therefore believe that the likelihood of having to make any payment is remote and have not recognised a potential liability in the balance sheet or disclosed it as a contingent liability.

### **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' report**

### **Directors' responsibilities in respect of the accounts**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom 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 group and company and of the surplus or deficit of the group and company for that period. In preparing these financial statements, the directors are required to:

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

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

### **Auditor**

A resolution to reappoint Scott-Moncrieff as the auditor will be put to the members at the Annual General Meeting.

### **Directors Statement as to disclosure of information to the Auditor**

As far as each of the directors at the time the report is approved are aware:

- a) there is no relevant information of which the group's auditor is unaware and;
- b) the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

On behalf of the Board



Colin J S McClatchie  
Chairman

Dated: 20 September 2013

Registered office:  
39 Elmbank Crescent  
Glasgow  
G2 4PT

## **Independent auditor's report**

### **to the Directors and Members of Scottish Opera (Limited by Guarantee)**

We have audited the financial statements of Scottish Opera Limited for the year ended 31 March 2013 which comprise the consolidated and parent company's Statement of Financial Activities, the consolidated and parent company Balance Sheets, consolidated and parent company's Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

**Scottish Opera**  
(Limited by Guarantee)

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**Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the group and the parent charitable company's affairs as at 31 March 2013 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 matter prescribed by the Companies Act 2006**

In our opinion the information given in the Chair's Statement, General Director's Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

*Scott-Moncrieff*

**Gillian Donald, Senior Statutory Auditor**  
**For and on behalf of Scott-Moncrieff, Statutory Auditor**  
**Chartered Accountants**  
25 Bothwell Street  
Glasgow G2 6NL

Dated: 20 September 2013

## Consolidated statement of financial activities and Income and Expenditure Account

for the year ended 31 March 2013

	Notes	Unrestricted Funds General £	Designated £	Restricted Funds £	2013 Total £	2012 Total £
<b>Incoming Resources</b>						
Incoming resource from generated funds						
Voluntary income	2a	8,697,014	-	5,720,149	14,417,163	9,490,603
Activities for generating funds		374,087	-	74,787	448,874	674,169
Investment income		8,120	-	-	8,120	5,725
Incoming resources from charitable activities	2b	1,280,423	-	527,902	1,808,325	1,638,748
<b>Total incoming resources</b>		10,359,644	-	6,322,838	16,682,482	11,809,245
<b>Resource expended</b>						
Cost of generating funds						
Cost of generating voluntary income		42,449	-	-	42,449	36,906
Fundraising costs		330,205	-	-	330,205	246,232
		372,654	-	-	372,654	283,138
Charitable activities		10,115,016	-	710,550	10,825,566	10,976,251
Governance costs		25,863	-	-	25,863	29,484
<b>Total resources expended</b>	3/4	10,513,533	-	710,550	11,224,083	11,288,873
Net incoming/(outgoing) resources before transfers		(153,889)	-	5,612,288	5,458,399	520,372
Gross transfers between funds:						
Release of capital grants		116,302	(116,302)	-	-	-
<b>Net movement in funds</b>		(37,587)	(116,302)	5,612,288	5,458,399	520,372
<b>Reconciliation of funds</b>						
Total funds brought forward		884,587	1,638,568	1,062,672	3,585,827	3,065,455
Total funds carried forward	14/15/16	847,000	1,522,266	6,674,960	9,044,226	3,585,827

All incoming resources and resources expended derive from continuing activities

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

The companies included in the consolidation are Scottish Opera, Scottish Opera Theatre Royal and Scottish Opera Theatre Trust. (See note 8)

The notes on pages 20 to 38 form part of these financial statements.

## Company statement of financial activities and Income and Expenditure Account

for the year ended 31 March 2013

	Notes	Unrestricted Funds General £	Designated £	Restricted Funds £	2013 Total £	2012 Total £
<b>Incoming Resources</b>						
Incoming Resource from generated funds						
Voluntary Income	2a	8,697,014	-	138,149	8,835,163	9,063,894
Activities for generating funds		374,087	-	74,787	448,874	674,169
Investment income		8,120	-	-	8,120	5,725
Incoming resources from charitable activities	2b	1,280,423	-	527,902	1,808,325	1,638,748
<b>Total incoming resources</b>		<b>10,359,644</b>	<b>-</b>	<b>740,838</b>	<b>11,100,482</b>	<b>11,382,536</b>
<b>Resource expended</b>						
Cost of generating funds						
Cost of generating voluntary income		42,449	-	-	42,449	36,906
Fundraising costs		330,205	-	-	330,205	246,232
		<b>372,654</b>	<b>-</b>	<b>-</b>	<b>372,654</b>	<b>283,138</b>
Charitable activities		10,112,528	-	710,550	10,823,078	10,976,251
Governance costs		25,863	-	-	25,863	29,484
<b>Total resources expended</b>	3/4	<b>10,511,045</b>	<b>-</b>	<b>710,550</b>	<b>11,221,595</b>	<b>11,288,873</b>
Net incoming/(outgoing) resources before transfers		(151,401)	-	30,288	(121,113)	93,663
Gross transfers between funds:						
Release of capital grants		116,302	(116,302)	-	-	-
<b>Net movement in funds</b>		<b>(35,099)</b>	<b>(116,302)</b>	<b>30,288</b>	<b>(121,113)</b>	<b>93,663</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		883,956	1,638,568	315,963	2,838,487	2,744,824
Total funds carried forward	14/15/16	848,857	1,522,266	346,251	2,717,374	2,838,487

All incoming resources and resources expended derive from continuing activities  
The statement of financial activities includes all gains and losses in the year

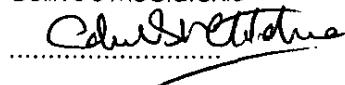
The notes on pages 20 to 38 form part of these financial statements

**Balance sheets**  
at 31 March 2013

	Notes	Group		Company	
		2013	2012	2013	2012
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7	4,909,216	3,206,270	2,014,606	2,162,030
Investments	8	-	-	1,500	1,500
		<u>4,909,216</u>	<u>3,206,270</u>	<u>2,016,106</u>	<u>2,163,530</u>
<b>Current assets</b>					
Debtors	9	1,678,508	755,278	1,417,401	874,487
Cash at bank and in hand		3,622,870	674,718	322,450	671,131
		<u>5,301,378</u>	<u>1,429,996</u>	<u>1,739,851</u>	<u>1,545,618</u>
<b>Creditors:</b> amounts falling due within one year	10	(1,090,681)	(959,661)	(963,367)	(780,354)
<b>Net current assets</b>		<u>4,210,697</u>	<u>470,335</u>	<u>776,484</u>	<u>765,264</u>
<b>Total assets less current liabilities</b>		<u>9,119,913</u>	<u>3,676,605</u>	<u>2,792,590</u>	<u>2,928,794</u>
<b>Creditors:</b> amounts falling due after more than one year					
Other loans	13	(75,216)	(90,307)	(75,216)	(90,307)
<b>Minority interests</b>		(471)	(471)	-	-
		<u>(75,687)</u>	<u>(90,778)</u>	<u>(75,216)</u>	<u>(90,307)</u>
<b>Total assets less liabilities</b>		<u>9,044,226</u>	<u>3,585,827</u>	<u>2,717,374</u>	<u>2,838,487</u>
<b>Funds</b>					
Unrestricted funds:					
- Designated	14,15	1,522,266	1,638,568	1,522,266	1,638,568
- General	15	847,000	884,587	848,857	883,956
		<u>2,369,266</u>	<u>2,523,155</u>	<u>2,371,123</u>	<u>2,522,524</u>
Restricted funds	15	6,674,960	1,062,672	346,251	315,963
		<u>9,044,226</u>	<u>3,585,827</u>	<u>2,717,374</u>	<u>2,838,487</u>

The financial statements were approved and authorised for issue by the board of directors on 20 September 2013 and signed on its behalf by:

Colin J S McClatchie Chair



The notes on pages 20 to 38 form part of these financial statements

## Consolidated and Company cash flow statement

for the year ended 31 March 2013

		Group		Company	
	Notes	2013 £	2012 £	2013 £	2012 £
<b>Net cash inflow/(outflow) from operating activities</b>	18a	4,855,834	799,088	(291,368)	279,185
<b>(Costs) on investment and servicing of finance</b>	18b	(5,566)	(10,916)	(5,566)	(10,916)
<b>Capital expenditure and financial investment</b>	18b	(1,968,626)	(582,533)	(118,257)	(63,729)
		<u>2,881,642</u>	<u>205,639</u>	<u>(415,191)</u>	<u>204,540</u>
<b>Financing</b>					
Debt (repaid)	18b	(15,091)	(16,470)	(15,091)	(16,470)
<b>Increase/(decrease) in cash</b>		<u>2,866,551</u>	<u>189,169</u>	<u>(430,282)</u>	<u>188,070</u>
<b>Reconciliation of net cash flows to movement in net funds</b>					
<b>Increase/(decrease) in cash</b>		2,866,551	189,169	(430,282)	188,070
<b>Cash outflow from debt</b>		<u>15,091</u>	<u>16,470</u>	<u>15,091</u>	<u>16,470</u>
<b>Movement in net funds during the year</b>		<u>2,881,642</u>	<u>205,639</u>	<u>(415,191)</u>	<u>204,540</u>
Net funds at 1 April 2012		<u>467,347</u>	<u>261,708</u>	<u>538,760</u>	<u>334,220</u>
<b>Net funds at 31 March 2013</b>		<u>3,348,989</u>	<u>467,347</u>	<u>123,569</u>	<u>538,760</u>

The analysis of net funds is shown at note 18c.

The companies included in the consolidation are Scottish Opera, Scottish Opera Theatre Royal and Scottish Opera Theatre Trust. (See note 8)

The notes on pages 20 to 38 form part of these financial statements

## **Notes to the accounts**

**at 31 March 2013**

### **1. Accounting policies**

#### **a) 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 2013/14 and expectations for 2014/15.

#### **b) Basis of preparation**

The accounts are prepared on a going concern basis under the historical cost convention and in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) issued in March 2005, the Charities Accounts (Scotland) Regulations 2006 and Companies Act 2006.

#### **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 2013.

#### **d) Tangible fixed assets**

All fixed assets are initially recorded at cost. Depreciation is provided on all fixed assets, other than freehold land and costs associated with the Theatre Royal redevelopment project which are currently classed as assets under construction, 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, fundraising & 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. All incoming resources are included in the Statement of Financial Activities when the group is entitled to the income and the amount can be quantified with reasonable accuracy.

## **Notes to the accounts**

**at 31 March 2013**

### **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 in line with depreciation on the assets to which they relate.

### **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 2013**

### **m) Governance costs**

Governance costs of £25,863 (2012 £29,484) are made up of costs of the Board, corporate legal costs and the audit fee.

### **n) Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of financial activities.

### **o) Funds**

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

- restricted funds are to be used for specified purposes laid down by the donor
- expenditure for those purposes is charged to the funds
- unrestricted funds are expendable at the discretion of the directors in furtherance of the objectives of the company
- unrestricted funds earmarked for particular purposes by the directors are shown as designated funds. The designation has an administrative purpose only and does not legally restrict the directors' discretion to apply the fund

## **2. Income**

### **a) Voluntary income**

*Group*

	2013 £	2012 £
Scottish Government Revenue Grant	8,368,000	8,368,000
Scottish Government Additional Support Grant	-	56,000
Scottish Government International Touring Fund	44,000	18,912
Scottish Government Capital Grant	3,517,000	339,000
Scottish Local Authorities	40,160	44,625
Cross Border Touring Grant	49,149	49,149
Gifts in Kind	23,231	33,857
Friends of Scottish Opera	45,000	50,000
Fundraising for Theatre Royal	2,065,000	141,709
Fundraising for core activities	265,623	389,351
	<hr/> 14,417,163 <hr/>	<hr/> 9,490,603 <hr/>

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

## Notes to the accounts

at 31 March 2013

### Company

	2013 £	2012 £
Scottish Government Revenue Grant	8,368,000	8,368,000
Scottish Government Additional Support Grant	-	56,000
Scottish Government International Touring Fund	44,000	18,912
Scottish Government Capital Grant	-	54,000
Scottish Local Authorities	40,160	44,625
Cross Border Touring Grant	49,149	49,149
Gifts in Kind	23,231	33,857
Friends of Scottish Opera	45,000	50,000
Fundraising for core activities	265,623	389,351
	<u>8,835,163</u>	<u>9,063,894</u>

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

### b) Incoming resources from charitable activities

#### Group and Company

	2013 £	2012 £
Main scale productions	1,403,897	1,192,022
Small and Medium scale touring	93,096	84,310
Education	292,616	338,048
Concerts	18,716	24,368
	<u>1,808,325</u>	<u>1,638,748</u>

The restricted income of £527,902 (2012: £281,967) represents funding from Companies, Trusts and private individuals.

## Notes to the accounts

at 31 March 2013

### 3. Expenditure – Analysis of total resources expended Group

	Staff Costs	Depreciation	Other costs	2013 Total	2012 Total
	£	£	£	£	£
<b>Costs of generating funds</b>					
Cost of generating voluntary income	42,449	-	-	42,449	36,906
Fundraising costs	253,998	-	76,207	330,205	246,232
	<u>296,447</u>	<u>-</u>	<u>76,207</u>	<u>372,654</u>	<u>283,138</u>
<b>Charitable activities</b>					
<b>Main scale productions and Concerts</b>					
Basic staff costs	2,839,737	-	-	2,839,737	2,988,765
Design, construction and rehearsal costs	481,464	-	1,064,362	1,545,826	1,768,404
Performing costs	415,849	-	1,543,339	1,959,188	1,975,839
Theatre rentals	-	-	461,877	461,877	447,900
Marketing	332,143	-	368,251	700,394	678,027
	<u>4,069,193</u>	<u>-</u>	<u>3,437,829</u>	<u>7,507,022</u>	<u>7,858,935</u>
Small and Medium Scale Touring	39,186	-	505,091	544,277	428,859
Education	192,224	-	723,001	915,225	750,924
Support costs	559,640	265,681	1,033,721	1,859,042	1,937,533
	<u>4,860,243</u>	<u>265,681</u>	<u>5,699,642</u>	<u>10,825,566</u>	<u>10,976,251</u>
Governance	-	-	25,863	25,863	29,484
<b>Total resources expended</b>	<u><u>5,156,690</u></u>	<u><u>265,681</u></u>	<u><u>5,801,712</u></u>	<u><u>11,224,083</u></u>	<u><u>11,288,873</u></u>

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

	2013 £	2012 £
Design, construction and rehearsal costs	<u>1,203,610</u>	<u>1,200,588</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.

**Scottish Opera**  
(Limited by Guarantee)

**Notes to the accounts**  
at 31 March 2013

Company

	Staff Costs	Depreciation	Other costs	2013 Total	2012 Total
	£	£	£	£	£
<b>Costs of generating funds</b>					
Cost of generating voluntary income	42,449	-	-	42,449	36,906
Fundraising costs	253,998	-	76,207	330,205	246,232
	<u>296,447</u>	<u>-</u>	<u>76,207</u>	<u>372,654</u>	<u>283,138</u>
<b>Charitable activities</b>					
<b>Main scale productions and Concerts</b>					
Basic staff costs	2,839,737	-	-	2,839,737	2,988,765
Design, construction and rehearsal costs	481,464	-	1,064,362	1,545,826	1,768,404
Performing costs	415,849	-	1,543,339	1,959,188	1,975,839
Theatre rentals	-	-	461,877	461,877	447,900
Marketing	332,143	-	368,251	700,394	678,027
	<u>4,069,193</u>	<u>-</u>	<u>3,437,829</u>	<u>7,507,022</u>	<u>7,858,935</u>
Small and Medium Scale Touring	39,186	-	505,091	544,277	428,859
Education	192,224	-	723,001	915,225	750,924
Support costs	559,640	265,681	1,031,233	1,856,554	1,937,533
	<u>4,860,243</u>	<u>265,681</u>	<u>5,697,154</u>	<u>10,823,078</u>	<u>10,976,251</u>
Governance	-	-	25,863	25,863	29,484
Total resources expended	<u>5,156,690</u>	<u>265,681</u>	<u>5,799,224</u>	<u>11,221,595</u>	<u>11,288,873</u>

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

	2013 £	2012 £
Design, construction and rehearsal costs	<u>1,203,610</u>	<u>1,200,588</u>

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

## Notes to the accounts

at 31 March 2013

### 4. Expenditure – other disclosures

	2013 £	2012 £
Charitable expenditure includes:		
Fees payable to auditors	16,000	16,000
-audit services (company 2013 - £16,000 ( 2012 - £16,000)		
Depreciation:		
-owned assets	265,681	253,101
Operating lease rentals		
-land and buildings	95,000	95,000
-other	20,932	20,932
	<u>13,686</u>	<u>16,641</u>

### 5. Interest payable and similar charges

	2013 £	2012 £
Bank loan interest	3,634	5,320
Other interest and charges	10,052	11,321
	<u>13,686</u>	<u>16,641</u>

## Notes to the accounts

at 31 March 2013

### 6. Staff costs

a)

	Group 2013 £	Group 2012 £
Wages	3,178,531	3,036,770
Social security costs	467,165	438,459
Pension costs	236,264	223,849
Pension costs – settlement of defined benefit scheme costs	-	323,000
	<u>3,881,960</u>	<u>4,022,078</u>

In addition costs have been incurred in the year totalling £1,670,201 (2012 - £1,603,182) in respect of non- permanent and temporary staff.

The average number of employees in the year was 141 140

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 2013

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

	2013 No.	2012 No
£60,000 - £69,999	1	1
£110,000 - £119,999	1	1

For employees in the above bandings, contributions of £13,465 (2012 - £13,241) were made during the year for the provision of money purchase pension benefits.

b) Directors' emoluments

	2013 £	2012 £
Emoluments	116,613	114,729
Company contributions paid to pension schemes	<u>8,709</u>	<u>8,538</u>
	No.	No
Members of money purchase pension schemes	1	1

Expenses reimbursed to directors in the year totalled £28,207 (2012 - £26,429).

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

## Notes to the accounts

at 31 March 2013

### 7. Fixed assets

#### Group

	Freehold land and buildings £	Leasehold improve- ments £	Stage machinery and electrical equipment £	Musical instruments £	Office equipment £	Motor vehicles £	Total £
Cost:							
At 1 April 2012	13,584,434	78,115	537,171	246,600	173,275	164,161	14,783,756
Additions	1,850,369	1,700	22,777	11,850	20,930	61,000	1,968,626
Disposals	-	-	-	-	-	-	-
At 31 March 2013	15,434,803	79,815	559,948	258,450	194,205	225,161	16,752,382
Aggregate depreciation:							
At 1 April 2012	10,540,874	74,802	438,327	231,726	158,882	132,874	11,577,485
Additions	166,713	1,282	46,992	10,984	13,121	26,589	265,681
Disposals	-	-	-	-	-	-	-
At 31 March 2013	10,707,587	76,084	485,319	242,710	172,003	159,463	11,843,166
Net book value:							
At 31 March 2013	4,727,216	3,731	74,629	15,740	22,202	65,698	4,909,216
At 31 March 2012	3,043,560	3,313	98,844	14,874	14,393	31,286	3,206,270

No value is attributed to land for the freehold theatre.

Included in Freehold land and buildings is land and assets under construction which are not depreciated in line with accounting policy.

## Notes to the accounts

at 31 March 2013

### 7. Fixed assets (continued)

*Company*

	Freehold land and buildings £	Leasehold improve- ments £	Stage machinery and electrical equipment £	Musical instruments £	Office equipment £	Motor vehicles £	Total £
<b>Cost:</b>							
At 1 April 2012	4,167,817	78,115	537,171	246,600	173,275	164,161	5,367,139
Additions	-	1,700	22,777	11,850	20,930	61,000	118,257
Disposals	-	-	-	-	-	-	-
At 31 March 2013	<u>4,167,817</u>	<u>79,815</u>	<u>559,948</u>	<u>258,450</u>	<u>194,205</u>	<u>225,161</u>	<u>5,485,396</u>
<b>Aggregate depreciation:</b>							
At 1 April 2012	2,168,498	74,802	438,327	231,726	158,882	132,874	3,205,109
Additions	166,713	1,282	46,992	10,984	13,121	26,589	265,681
Disposals	-	-	-	-	-	-	-
At 31 March 2013	<u>2,335,211</u>	<u>76,084</u>	<u>485,319</u>	<u>242,710</u>	<u>172,003</u>	<u>159,463</u>	<u>3,470,790</u>
<b>Net book value:</b>							
At 31 March 2013	<u>1,832,606</u>	<u>3,731</u>	<u>74,629</u>	<u>15,740</u>	<u>22,202</u>	<u>65,698</u>	<u>2,014,606</u>
At 31 March 2012	<u>1,999,319</u>	<u>3,313</u>	<u>98,844</u>	<u>14,874</u>	<u>14,393</u>	<u>31,287</u>	<u>2,162,030</u>

## Notes to the accounts

at 31 March 2013

### 8. Investments

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Investment in subsidiary undertakings at cost	-	-	1,500	1,500

Name of subsidiary undertaking	Country of Registration	Class of shares held	Percentage holding
Scottish Opera Theatre Royal Limited	Scotland	Ordinary £1	100%
Scottish Opera Theatre Trust Limited (through Scottish Opera Theatre Royal Limited)	Scotland	'A' Ordinary £1 'B' Ordinary £1	100% * 100%*
Scottish Opera Theatre Trust Limited	Scotland	'C' Ordinary £1	nil%*

\* These holdings constitute 75% of the total share capital of this company. Scottish Opera Endowment Trust owns the remaining 25% share capital of this company.

	Share Capital and Reserves £	Principal Activity	Net Income for Year £
Scottish Opera Theatre Royal Limited (year ended 31 March 2013)	6,329,709	Ownership of Theatre Royal	5,582,000
Scottish Opera Theatre Trust Limited (year ended 31 March 2012)	1,888	Trustee for monies for Scottish Opera Theatre Royal Ltd	-

	Income £	Expenditure £	Net Income £
Scottish Opera Theatre Royal Limited	5,582,000	-	5,582,000
Scottish Opera Theatre Trust Limited	-	-	-

On 23 April 2013 an application was lodged with Companies House to strike Scottish Opera Theatre Trust from public record.

## Notes to the accounts at 31 March 2013

### 9. Debtors

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Trade debtors	204,631	252,239	204,631	252,239
Other debtors	182,934	189,818	182,934	189,818
Other taxes	387,775	90,516	126,668	90,516
Future productions expenditure	821,776	129,070	821,776	129,070
Prepayments and accrued income	81,392	93,635	81,392	93,635
Amount due from subsidiary	-	-	-	119,209
	<u>1,678,508</u>	<u>755,278</u>	<u>1,417,401</u>	<u>874,487</u>

Included in future production expenditure are amounts of £189,894 (2012: £28,781) due after more than one year. Included in other debtors are amounts of £91,300 (2012: £91,300) due after more than one year.

### 10. Creditors: amounts falling due within one year

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Bank overdraft	104,939	23,338	104,939	23,338
Trade creditors	291,061	319,247	260,181	319,247
Other taxes and social security costs	141,973	107,936	141,973	107,936
Advance income	-	19,938	-	19,938
Accruals and other obligations	402,257	338,751	355,564	291,169
Bank loans (note 13)	18,726	18,726	18,726	18,726
Amount due to subsidiary	-	-	81,984	-
Debentures (note 12)	75,000	75,000	-	-
Debenture premium (note 12)	56,725	56,725	-	-
	<u>1,090,681</u>	<u>959,661</u>	<u>963,367</u>	<u>780,354</u>

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

Included within accruals and other obligations is £60,140 (2012: £58,948) of outstanding pension contributions

Advance income of £nil (2012: £19,938) relates to monies received which are for activities which continue beyond 31 March 2013. The advance income is released when the activity occurs, usually in the subsequent financial year.

## Notes to the accounts

at 31 March 2013

### 11. Obligations under operating leases

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

	2013 Land & Buildings	2013 Other	2012 Land & Buildings	2012 Other
<i>Group and company</i>				
Operating leases which expire:				
Within one year	50,000	390	50,000	390
Between two and five years	-	20,542	-	20,542
Over five years	45,000	-	45,000	-
	<u>95,000</u>	<u>20,932</u>	<u>95,000</u>	<u>20,932</u>

### 12. Debentures

Debentures:

Debentures of £25,000 each

Group 2013	Group 2012
£	£
<u>75,000</u>	<u>75,000</u>

There are three interest free debentures of £25,000 each, 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 2013	Group 2012
	£	£
Premium arising at 1 January 1985	18,750	18,750
Premium arising at 1 January 1985	<u>18,750</u>	<u>18,750</u>
Premiums accruing up to 1 January 1995	<u>37,500</u>	<u>37,500</u>
Premium accruing from 1 January 1995:		
As at 1 April	19,225	19,225
Accrued during the year	<u>-</u>	<u>-</u>
As at 31 March	<u>19,225</u>	<u>19,225</u>
Total premium accrued at 31 March	<u>56,725</u>	<u>56,725</u>

The debenture holders have been contacted following the expiry of the redemption term.

## Notes to the accounts

at 31 March 2013

### 13. Other loans

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Not wholly repayable within five years: 150,000 bank loan at 3.1 % above base rate, repayable in monthly instalments commencing 18 May 2009	93,942	109,033	93,942	109,033
Less: Included in creditors: amounts falling due within one year	(18,726)	(18,726)	(18,726)	(18,726)
	<u>75,216</u>	<u>90,307</u>	<u>75,216</u>	<u>90,307</u>
Amounts repayable:				
In one year or less	18,726	18,726	18,726	18,726
Between one and two years	18,726	18,726	18,726	18,726
Between two and five years	56,490	71,581	56,490	71,581
	<u>93,942</u>	<u>109,033</u>	<u>93,942</u>	<u>109,033</u>

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

### 14. Designated Funds

During the 2011/12 financial year the directors designated £450,000 for the 50<sup>th</sup> anniversary season, which will be utilised in the 2013/14 financial year. The remaining 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. Funds

Group

	As at 31 March 2012 £	Incoming Resources £	Outgoing Resources £	Transfers £	As at 31 March 2013 £
Restricted Funds					
Advance Funding	981,609	5,675,149	185,298	-	6,471,460
Fundraising	81,063	647,689	525,252	-	203,500
	<u>1,062,672</u>	<u>6,322,838</u>	<u>710,550</u>	<u>-</u>	<u>6,674,960</u>
Unrestricted Funds					
General	884,587	10,359,644	10,513,533	116,302	847,000
Designated	1,638,568	-	-	(116,302)	1,522,266
	<u>3,585,827</u>	<u>16,682,482</u>	<u>11,224,083</u>	<u>-</u>	<u>9,044,226</u>

## Notes to the accounts

at 31 March 2013

### Company

	As at 31 March 2012 £	Incoming Resources £	Outgoing Resources £	Transfers £	As at 31 March 2013 £
Restricted Funds					
Advance Funding	234,900	93,149	185,298	-	142,751
Fundraising	81,063	647,689	525,252	-	203,500
	<u>315,963</u>	<u>740,838</u>	<u>710,550</u>	<u>-</u>	<u>346,251</u>
Unrestricted Funds					
General	883,956	10,359,644	10,511,045	116,302	848,857
Designated	1,638,568	-	-	(116,302)	1,522,266
	<u>2,838,487</u>	<u>11,100,482</u>	<u>11,221,595</u>	<u>-</u>	<u>2,717,374</u>

### Advance Funding

This contains monies received from public funds for projects in future years. This includes support for future off shore touring, Commonwealth Games project 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 including main scale opera, the Commonwealth Games project and other education projects.

### Designated Funds

See note 14 above

### Funds transfers

The transfer of funds between general and designated funds represents the annual release of capital grants in line with accounting policies.

## Notes to the accounts

at 31 March 2013

### 16. Analysis of funds between net assets

#### Group

	Total £	Unrestricted funds General £	Designated £	Restricted Funds £
Fixed assets	4,909,216	943,840	1,072,266	2,893,110
Current assets	5,301,378	1,069,528	450,000	3,781,850
Current liabilities	(1,090,681)	(1,090,681)	-	-
Long term liabilities	(75,687)	(75,687)	-	-
Total	9,044,226	847,000	1,522,266	6,674,960

#### Company

Fixed assets	2,016,106	943,840	1,072,266	-
Current assets	1,739,851	943,600	450,000	346,251
Current liabilities	(963,367)	(963,367)	-	-
Long term liabilities	(75,216)	(75,216)	-	-
Total	2,717,374	848,857	1,522,266	346,251

### 17. 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.

## Notes to the accounts

at 31 March 2013

### 18. Cash flow statement

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

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Net (deficit)/ income on ordinary activities	(37,587)	38,965	(35,099)	38,965
Interest receivable	(8,120)	(5,725)	(8,120)	(5,725)
Interest payable	13,686	16,641	13,686	16,641
Depreciation	265,681	253,101	265,681	253,101
Net income/(deficit) in restricted and designated funds	5,495,986	481,407	(86,014)	54,698
(Increase)/decrease in debtors	(923,230)	285,478	(542,914)	192,284
Increase/(decrease) in creditors	49,418	(270,779)	101,412	(270,779)
	<u>4,855,834</u>	<u>799,088</u>	<u>(291,368)</u>	<u>279,185</u>

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

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
<b>Returns on investments and servicing of finance</b>				
Interest received	8,120	5,725	8,120	5,725
Interest paid	(13,686)	(16,641)	(13,686)	(16,641)
	<u>(5,566)</u>	<u>(10,916)</u>	<u>(5,566)</u>	<u>(10,916)</u>
<b>Capital expenditure and financial investment</b>				
Purchase of fixed assets	<u>(1,968,626)</u>	<u>(582,533)</u>	<u>(118,257)</u>	<u>(63,729)</u>
<b>Financing</b>				
Repayment of long term loans	(15,091)	(13,406)	(15,091)	(13,406)
Hire Purchase payments	-	(3,064)	-	(3,064)
	<u>(15,091)</u>	<u>(16,470)</u>	<u>(15,091)</u>	<u>(16,470)</u>

## Notes to the accounts at 31 March 2013

### 18. Cash flow statement (continued)

c) Analysis of Group net funds:

	At 1 April 2012 £	Cash Flow £	Other changes £	At 31 March 2013 £
Bank and cash in hand	674,718	2,948,152	-	3,622,870
Bank overdraft	(23,338)	(81,601)	-	(104,939)
	<u>651,380</u>	<u>2,866,551</u>	<u>-</u>	<u>3,517,931</u>
Debenture	(75,000)	-	-	(75,000)
Other loans	(109,033)	15,091	-	(93,942)
	<u>467,347</u>	<u>2,881,642</u>	<u>-</u>	<u>3,348,989</u>

Analysis of Company net funds:

Bank and cash in hand	671,131	(348,681)	-	322,450
Bank overdraft	(23,338)	(81,601)	-	(104,939)
	<u>647,793</u>	<u>(430,282)</u>	<u>-</u>	<u>217,511</u>
Other loans	(109,033)	15,091	-	(93,942)
	<u>538,760</u>	<u>(415,191)</u>	<u>-</u>	<u>123,569</u>

### 19. Commitments

The group is committed to contracts with Sir Robert McAlpine amounting to £8,319,900 for the construction of the new public spaces for the Theatre Royal. These amounts have not been included in the accounts.

The company is committed to contracts with guest artistes, etc. and other costs in connection with future productions in the sum of £949,274 (2012 - £506,962) of which £726,024 relates to the year to 31 March 2014 and £223,250 relates to later years. These amounts have not been included in the accounts.

## **Notes to the accounts**

**at 31 March 2013**

### **20. 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 £236,264 for the group and £236,264 for the company (2012 - £223,849 and £223,849 respectively).

### **21. Contingent liabilities**

There are contingent liabilities totalling £6,458,796 (2012 - £2,336,796) for the group and £2,336,796 (2012 - £2,336,796) for the company in respect of government, local authority and National Lottery 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.

### **22. 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.