

Scottish
Opera

Scottish Opera (Limited by Guarantee)

Report and Accounts

31 March 2009

37531



Scottish Opera
(Limited by Guarantee)

Registered No: SC037531

Company Information

Directors

Colin J S McClatchie	(Chair)
Elisabeth Kerr	(Vice chair)
John McCormick	(Vice chair)
Paul Bateman	
Edward Crozier	
Shields Henderson	
Richard Jarman	
Peter Lawson	
Rona Mackie Black	
John Mayne	
Colin McCallum	
John Mulgrew	
Alex Reedijk	
Ian James Robertson	

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
151 St Vincent Street
Glasgow
G2 5NJ

MacRoberts
152 Bath Street
Glasgow
G2 4TB

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. We have enjoyed strong audience support for our opera performances in over 50 venues throughout Scotland. The Company also travelled to present performances in London, St Petersburg, and in both the Edinburgh International Festival and as part of the Edinburgh Festival Fringe.

The production of *The Two Widows* for the Edinburgh International Festival was made possible by a decision of the Board to utilise reserves to deliver a fifth main stage opera day along with the commitment of Lord Laidlaw of Rothiemay and the Scottish Opera Syndicate.

In addition, we made a welcome and successful return to Belfast with *La traviata* – our first visit in 19 years, supported by the Cross Border Touring Fund.

Thanks are due to Mike Russell MSP, the current Minister for Culture, External Affairs and Constitution and to Linda Fabiani MSP, the former Minister, for their enthusiastic support and interest in the Company. I am also grateful for the continued goodwill and assistance received from Glasgow 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.

The Company continues to be in good financial health and, in particular, enjoyed a successful year from all sources of philanthropic support enabling over one million pounds to be raised.

I am indebted to the many trusts and businesses that have supported Scottish Opera financially this year. I would like to pay special tribute to those many individuals who have maintained and even increased their own support during this very important year, showing their personal commitment to the Company's future success.

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

I would like to extend my sincere thanks and appreciation in these difficult times to Alex Reedijk, Francesco Corti and all the staff of the Company for their continued creativity, dedication, resilience and sheer hard work which has enabled Scottish Opera to be as strong as ever.

It is a privilege for me to continue to lead the Board and the Company during this exciting time, as we look to furthering this creative new period in Scottish Opera's distinguished history.

Colin J S McClatchie
Chairman
8 October 2009

General Director's report

Scottish Opera is essential to the artistic life of Scotland.

I am delighted to report that in 2008/09 Scottish Opera enjoyed another artistically, critically and financially successful year presenting 7 terrific opera productions throughout Scotland.

Over the course of this financial year, Scottish Opera presented 52 main stage opera performances in Glasgow, Edinburgh, Aberdeen, Belfast and Inverness together with 14 presentations of Opera Unwrapped.

In addition, as part of our extensive commitment to national reach, we toured smaller scale opera to 53 venues throughout Scotland tailored specifically to the individual audiences and venues we visit, many of whom have been receiving Scottish Opera for over 30 years. We firmly believe that this level of opera performance satisfies our core charitable aims and objectives.

We also returned with a second season of *Five: 15 Operas Made in Scotland* as our response to the 21st Century - all, once again, enjoying full houses. This is part of a longer-term strategy to encourage the development of new full-length opera here in Scotland.

Our core funding from the Scottish Government currently enables us to create 4 main stage productions per annum along with our longstanding touring and education activity. It is our medium-term aim, which we clearly share with our audience, to attempt to return to at least 5 or 6 productions in a year.

Whilst the core funding from the Scottish Government has remained relatively static, we have managed to increase our Earned Income as a proportion of Total Incoming Resources from 16% in 2005/06 to 25% in 2008/09. This welcome trend is clearly gaining momentum as we return to 'form'.

Our ability to present a fifth main stage opera project this season - Smetana's *The Two Widows* - has largely been made possible by the significant uplift in philanthropic income during the current financial year along with the desire of the Board to commit reserves in support of a fifth opera. However, this increased level of activity may be difficult to sustain in the future given all the recent changes to the financial landscape in the UK.

Edinburgh City Council continues to disappoint with its decision to withdraw long-standing core funding from Scottish Opera. We have also noticed a continuation of reduced demand for education projects that rely on available, discretionary local authority funding - as those available funds are increasingly required for core local authority activity.

We continue to utilise a high proportion of Scottish artists from young singers in our touring and understudy roles through to internationally renowned directors including David McVicar. In this context, it has been particularly pleasing to witness the artistry from Kate Valentine in her roles in *Die Fledermaus*, *Five: 15* and recently *The Two Widows*.

In doing all of this work, 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.

Scottish Opera Performances

Between April 2008 and March 2009 five main stage operas, all new productions, were presented, and were chosen to give our audiences a "balanced basket" of work.

In the spring/summer, Scottish composer Judith Weir's opera, *A Night at the Chinese Opera*, a delightful but complicated story-within-a story, was deftly staged by Lee Blakeley and designed by Jean-Marc Puissant. Sian Edwards returned to Scottish Opera after a gap of many years to conduct the opera, and the composer herself contributed to several rehearsals. This was followed by *Falstaff*, directed by Dominic Hill (formally Artistic Director of the Dundee Rep and

General Director's report

now Artistic Director of the Traverse), which was taken out of its Elizabethan setting and effectively placed in Victorian times. The conductor was Peter Robinson, and out of a strong cast particularly notable was the role debut of Peter Sidhom as Falstaff.

An important collaboration with the Edinburgh International Festival saw a co-production of Smetana's *The Two Widows*, an opera which tied in with the 2008 Festival's theme. The opera was conducted by the Music Director, Francesco Corfi, co-directed by Tobias Hoheisel and Imogen Kogge and designed by Tobias Hoheisel. Scottish soprano, Kate Valentine, made her main stage debut with Scottish Opera, as one of the "widows" with a welcome return of mezzo Jane Irwin as the other "widow". The production won a Herald Angel award. Following the Festival the production played 3 performances in Glasgow.

The main stage season continued with a delightful and charming production of Cimarosa's *The Secret Marriage*, directed by Harry Fehr and designed by Tom Rogers, the team which created the touring production of *Cinderella* in the 2007/08 season. Scottish conductor Garry Walker made his opera debut with the Company.

This was followed by a hugely successful production of *La traviata*, which opened in Glasgow at the end of October, and returned to the Theatre Royal for further performances in February, directed by David McVicar and designed by Tanya McCallin with choreography by Andrew George. Set in the 1870s this was a big production involving a chorus of 34 and a troupe of 9 dancers and actors. French conductor Emmanuel Joel-Hornak returned to Scottish Opera. *La traviata* is a co-production with Welsh National Opera, which will stage in the autumn of 2009 and then with the Liceu in Barcelona in 2014. Apart from the *Two Widows* all the main stage productions toured to Edinburgh, Aberdeen and Inverness.

In the autumn of 2008 a touring production of *The Merry Widow*, directed by Clare Whistler and designed by Dody Nash, visited 25 different venues throughout Scotland. With a cast of 14 this was the biggest small-scale touring project the Company has undertaken. In addition, the piano-accompanied opera highlights tour – Essential Scottish Opera – visited 15 different venues in Scotland between the end of January and mid-February.

Our highly acclaimed commissioning project – *Five:15: Operas Made in Scotland* – which first took place in 2008 was repeated in February/March 2009, showcasing works of 5 new teams of composers and librettists. Performances were given at Oran Mor Glasgow and at The Hub Edinburgh.

A concert performance of Bellini's *I Puritani* at City Halls in Glasgow was an exciting addition to the Company's activities. This took place on Sunday afternoon March 29 and played to a completely full house. The Music Director conducted this concert, and his famed affinity with *bel canto* opera resulted in an immensely stylish performance, which was appreciated by the audience and critics alike. The cast included Sally Silver who sang Lucia in 2007, and introduced to the company 2 outstanding singers with whom the Music Director has worked in the past – Mario Zeffiri, tenor and Hidekazu Tsumaya, bass. Chorus Master James Grossmith assembled a well trained chorus of 46 for this event.

The Company continued its association with the RSAMD presenting a lively production of Prokofiev's *Love for Three Oranges* at the Theatre Royal and Edinburgh Festival Theatre at the end of January, sung in French, directed by Lee Blakeley and designed by Emma Wee. Once again the students were given the opportunity of playing with the Orchestra of Scottish Opera. Other Company departments, such as the Technical Department, were more involved than in previous years making an important contribution to the practical skill development of the students through mentoring.

General Director's report

The Orchestra of Scottish Opera

The Orchestra of Scottish Opera, led by Francesco Corti, continues to enjoy fabulous reviews for all its work both in a lyric capacity and on the concert platform. Certainly, having proved to be such a popular series, the Sunday afternoon *St Andrew's in the Square* concerts performed by The Orchestra continued with three thrilling concerts. The conductors were Francesco Corti, Christoph König, Ekhart Wycik and Garry Walker.

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

Scottish Opera Education

Between April 2008 and March 2009, the Education Department delivered a total of 13 programmes including four new initiatives: CONNECT (for young singers 14 - 20 years) HITTING THE HIGH NOTES (for students and teachers), SING UP SATURDAYS, a language development programme in Spanish and Italian for 3 - 10 year olds and especially for 2009 Year of Homecoming, a brand new **Sounds of Singing** format for primary pupils.

16,392 children and young people aged between 3 and 20 years participated in the activities, with audiences of 41,672 visiting 320 schools, colleges and community venues in 30 of Scotland's 32 local authority areas.

Scottish Opera External Support

We are very grateful to Lord Laidlaw of Rothiemay and The Scottish Opera Syndicate for supporting our new award-winning production of *The Two Widows*. Our thanks also to the Dunard Fund for their ongoing support of Scottish Opera particularly for supporting our hugely successful production of Verdi's *La traviata*.

We are delighted to be able to continue the three-year partnership with Accenture who have become our High Performance Partner in a deal that includes a generous mix of cash and intellectual and practical support to help make Scottish Opera a 21st Century business. In particular, Accenture helped deliver a wonderful new website for the Company.

We continue to build strong relationships within The Alexander Gibson Circle, the Friends of Scottish Opera and the Scottish Opera Endowment Trust throughout the year. Many of their members were delighted that Scottish Opera is in such great shape and showed this by increasing their support for the Company. This was particularly evident with the depth of support for the 'Play your Part' campaign created for *La traviata*, which resulted in £56,000 being raised.

In addition, a number of our supporters have made their own very personal statement of their love for Scottish Opera by leaving a legacy to the Company

I continue to be impressed by the competence, determination and sheer commitment of the staff, especially in these difficult times, and I am positively delighted by the evident and sustained support for Scottish Opera throughout Scotland.

Thank you.

Alex Reedijk
General Director
8 October 2009

Directors' report

The Directors present their report and accounts for the year ended 31 March 2009.

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	
Murray Buchanan	Retired 1 June 2009
Edward Crozier	
Shields Henderson	Appointed 20 June 2008
Richard Jarman	
Peter Lawson	Appointed 18 June 2009
Rona Mackie Black	Appointed 20 June 2008
John Mayne	
Colin McCallum	Appointed 20 June 2008
John Mulgrew	Appointed 20 June 2008
Catriona Rayner	Retired 4 December 2008
Alex Reedijk	
Dr Ian Robertson	Retired 4 December 2008
Ian James Robertson	

Principal activities

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

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
- 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

Directors' report

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.

It 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), Paul Bateman, Edward Crozier, Shields Henderson, Richard Jarman, Peter Lawson, Rona Mackie Black, John Mayne, Colin McCallum, John Mulgrew, Alex Reedijk and Ian James Robertson.

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), Paul Bateman, 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 5 non-executive Directors. A quorum consists of any 3 from these 5 people.

The Audit Committee met twice in the year.

The members of the Committee are:

Shields Henderson (Chair), Edward Crozier, and Ian James Robertson.

A further 2 non-executive directors will be appointed at the next Board Meeting.

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

Directors' report

- to review all matters related to employee terms and conditions and relations.

The Nominations and Remuneration Committee met twice during the year.

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), Colin McCallum, John McCormick and Ian James Robertson

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 5 times during the year.

The members of the Committee are:

Edward Crozier (Joint Chair), Shields Henderson (Joint Chair), Paul Bateman, Rona Mackie Black, Colin McCallum and Ian James Robertson

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 6 non-executive Directors. A quorum shall consist of any 3 from these 6 people.

Directors' report

The External Affairs Committee met 4 times during the year.

The members of the Committee are:

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

Innovation Committee

The role of the Innovation Committee is to keep abreast of innovation and changes in the world in general.

The innovation Committee consists of 4 non-executive Directors. A quorum shall consist of any 2 from these 4 people.

The Innovation Committee met 3 times during the year, however it was decided that the remit of this committee was being covered by the Development Committee. The 2 committees were merged.

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.

Directors' report

Reserves Policy

At 31 March 2009 the unrestricted general reserves amounted to £623,420 (2008: £1,018,618).

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 usually 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 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 310(3) of the Companies Act 1985.

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, the City of Edinburgh Council and other local authorities. During the course of the financial year, the Scottish Government, the Glasgow City Council and the City of Edinburgh Council were all 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 accounts in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the company and the group and of their incoming resources and application of resources, including their income and expenditure for that period. In preparing those accounts, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

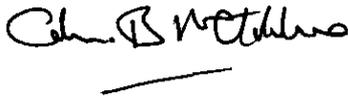
Directors' report

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 information relevant to the preparation of their report of which the 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 company's auditors are aware of the information.

On behalf of the Board



Colin J S McClatchie
Chairman
8 October 2009

Registered office:
39 Elmbank Crescent
Glasgow
G2 4PT

Independent auditors' report

to the members of Scottish Opera (Limited by Guarantee)

We have audited the group and parent company financial statements of Scottish Opera for the year ended 31 March 2009 on pages 15 to 31. These financial statements have been prepared under the accounting policies set out therein.

This report is made exclusively to the members, as a body, in accordance with section 235 of the Companies Act 1985, 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 auditors

The responsibilities of the trustees (who are the directors of the charitable company for the purposes of company law) for preparing the Trustees' Annual Report* and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 1985 and report to you in accordance with those Acts.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 6 and 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if the charitable company's financial statements are not in agreement with these accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company and other members of the group is not disclosed. We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it

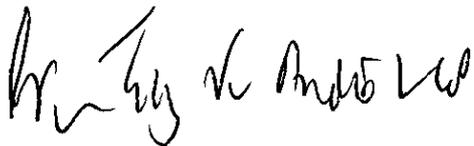
Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and charitable parent company's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the affairs of the charitable company and group as at 31 March 2009; and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 6 and 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Directors' Report is consistent with the financial statements.



BAKER TILLY UK AUDIT LLP
Registered Auditors
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

12 October 2009

Consolidated statement of financial activities
for the year ended 31 March 2009

		Unrestricted Funds		Restricted Funds	2009	2008
	notes	General	Designated	Funds	Total	Total
		£	£	£	£	£
Incoming Resources						
Incoming Resource from Generated funds						
Voluntary Income	2	8,663,515	-	170,849	8,834,364	8,544,163
Activities for generating funds		1,076,347	-	1,700	1,078,047	735,727
Investment income		24,390	-	-	24,390	93,296
Incoming resources from charitable activities		1,443,277	-	395,496	1,838,773	1,813,966
Total incoming resources		<u>11,207,529</u>	<u>-</u>	<u>568,045</u>	<u>11,775,574</u>	<u>11,187,152</u>
Resource expended						
Cost of generating funds						
Cost of generating voluntary income		30,789	-	-	30,789	30,200
Fundraising trading: Cost of goods sold and other costs		211,463	-	-	211,463	151,013
		<u>242,252</u>	<u>-</u>	<u>-</u>	<u>242,252</u>	<u>181,213</u>
Charitable activities		11,440,287	-	899,976	12,340,263	10,596,253
Governance costs		34,105	-	-	34,105	22,293
Total resources expended	3	<u>11,716,644</u>	<u>-</u>	<u>899,976</u>	<u>12,616,620</u>	<u>10,799,759</u>
Net (outgoing)/incoming resources before transfers		(509,115)	-	(331,931)	(841,046)	387,393
Gross transfers between funds:						
Release of capital grants		<u>113,931</u>	<u>(113,931)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (outgoing)/incoming resources on ordinary activities		(395,184)	(113,931)	(331,931)	(841,046)	387,393
Minority interest		<u>(14)</u>	<u>-</u>	<u>-</u>	<u>(14)</u>	<u>(18)</u>
Net movement in funds		<u>(395,198)</u>	<u>(113,931)</u>	<u>(331,931)</u>	<u>(841,060)</u>	<u>387,375</u>
Reconciliation of funds						
Total funds brought forward		1,018,618	1,537,908	389,111	2,945,637	2,558,262
Total funds carried forward		<u>623,420</u>	<u>1,423,977</u>	<u>57,180</u>	<u>2,104,577</u>	<u>2,945,637</u>

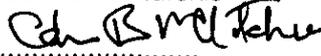
All incoming resources and resources expended derive from continuing activities

Balance sheets
at 31 March 2009

	Notes	Group		Company	
		2009	2008	2009	2008
		£	£	£	£
Fixed assets					
Tangible assets	7	2,710,134	2,856,752	2,695,124	2,856,752
Investments	8	-	-	1,500	1,500
		2,710,134	2,856,752	2,696,624	2,858,252
Current assets					
Debtors	9	1,275,502	1,028,381	1,275,502	1,028,381
Cash at bank and in hand		11,998	402,717	9,510	400,286
		1,287,500	1,431,098	1,285,012	1,428,667
Creditors: amounts falling due within one year	10	(1,713,576)	(1,107,400)	(1,830,405)	(1,239,232)
Net current (liabilities)/assets		(426,076)	323,698	(545,393)	189,435
Total assets less current liabilities		2,284,058	3,180,450	2,151,231	3,047,687
Creditors: amounts falling due after more than one year					
Debentures	12	(75,000)	(75,000)	-	-
Debenture premium provision	12	(56,725)	(56,725)	-	-
Other loans	13(a)	(32,769)	(74,592)	(32,769)	(74,592)
Obligations under hire purchase contracts	13(b)	(14,516)	(28,039)	(14,516)	(28,039)
		(179,010)	(234,356)	(47,285)	(102,631)
Minority interests		(471)	(457)	-	-
		(179,481)	(234,813)	(47,285)	(102,631)
Total assets less liabilities		2,104,577	2,945,637	2,103,946	2,945,056
Funds					
Unrestricted funds:					
- Designated	14	1,423,977	1,537,908	1,423,977	1,537,908
- General		623,420	1,018,618	622,789	1,018,037
		2,047,397	2,556,526	2,046,766	2,555,945
Restricted funds	15	57,180	389,111	57,180	389,111
		2,104,577	2,945,637	2,103,946	2,945,056

The financial statements were approved and authorised for issue by the board of directors on 8 October 2009 and signed on its behalf by:

Colin J S McClatchie Chair



Consolidated cash flow statement

for the year ended 31 March 2009

	Notes	2009 £	2008 £
Net cash (outflow) from operating activities	17(a)	(942,961)	(430,377)
Returns on investment and servicing of finance	17(b)	16,625	80,397
Capital expenditure and financial investment	17(b)	(82,905)	(330,839)
Cash (outflow) before financing		(1,009,241)	(680,819)
Financing			
Debt (repaid)/incurred	17(b)	(57,103)	(55,477)
(Decrease) in cash		(1,066,344)	(736,296)
Reconciliation of net cash flows to movement in net funds			
		2009 £	2008 £
(Decrease) in cash		(1,066,344)	(736,296)
Cash outflow from debt		57,103	55,477
Movement in net funds during the year		(1,009,241)	(680,819)
Net funds at 1 April 2008		164,208	845,027
Net funds at 31 March 2009		(845,033)	164,208

The analysis of net funds is shown at note 17(c).

Notes to the accounts at 31 March 2009

1. Accounting policies

Fundamental accounting concept

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.

(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 2009.

(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 2009. The directors have taken the exemption under section 230 of the Companies Act 1985 not to disclose an unconsolidated Statement of Financial Activities (SOFA).

(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	-	2 - 4%
Leasehold improvements	-	20%
Stage machinery & equipment	-	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 2009

(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 2009

2. Voluntary income

	2009	2008
	£	£
Scottish Government Revenue Grant	8,459,574	8,293,227
Scottish Local Authorities	55,000	102,610
Cross Border Touring Grant	105,849	117,941
Gifts in Kind	148,000	-
Scottish Opera Endowment Trust	39,200	-
Friends of Scottish Opera	26,000	30,000
Legacies	741	385
	<u>8,834,364</u>	<u>8,544,163</u>

The restricted income included under incoming resources from charitable activities represents funding from the Friends of Scottish Opera, Scottish Opera Endowment Trust and private bodies.

Notes to the accounts
at 31 March 2009

3. Expenditure – Analysis of total resources expended

	Staff Costs	Depreciation	Other costs	2009 Total	2008 Total
	£	£	£	£	£
Costs of generating funds					
Cost of generating voluntary income	30,789	-	-	30,789	30,200
Fundraising trading	161,488	-	49,975	211,463	151,013
	<u>192,277</u>	<u>-</u>	<u>49,975</u>	<u>242,252</u>	<u>181,213</u>
Charitable activities					
Main scale productions and Concerts					
Basic staff costs	3,263,974	-	-	3,263,974	3,163,106
Design, construction and rehearsal costs	546,525	-	1,828,957	2,375,482	1,596,924
Performing costs	598,451	-	1,807,519	2,405,970	1,792,162
Theatre rentals	-	-	526,376	526,376	498,828
Marketing	288,252	-	460,152	748,404	523,916
	<u>4,697,202</u>	<u>-</u>	<u>4,623,004</u>	<u>9,320,206</u>	<u>7,574,936</u>
Small and Medium Scale Touring	46,805	-	668,842	715,647	536,185
Education	126,775	-	354,756	481,531	418,432
Support costs	478,361	229,523	1,114,995	1,822,879	2,066,700
	<u>5,349,143</u>	<u>229,523</u>	<u>6,761,597</u>	<u>12,340,263</u>	<u>10,596,253</u>
Governance	-	-	34,105	34,105	22,293
Total resources expended	<u>5,541,420</u>	<u>229,523</u>	<u>6,845,677</u>	<u>12,616,620</u>	<u>10,799,759</u>

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

	2009 £	2008 £
Design, construction and rehearsal costs	2,213,558	797,526

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 2009

4. Expenditure – other disclosures

	2009	2008
	£	£
Charitable expenditure includes:		
Fees payable to auditors		
-audit services (company 2009 - £16,500, 2008 - £16,224)	16,500	16,224
Depreciation:		
-owned assets	208,175	271,281
-hire purchase assets	21,348	18,045
Operating lease rentals		
-land and buildings	87,000	87,000
-other	<u>277,931</u>	<u>284,647</u>

5. Interest payable and similar charges

	2009	2008
	£	£
Bank loan interest	5,419	9,687
Other interest and charges	<u>19,014</u>	<u>13,046</u>
	<u>24,433</u>	<u>22,733</u>

Notes to the accounts

at 31 March 2009

6. Staff costs

(a)

	Group 2009 £	Group 2008 £
Wages	3,515,880	3,507,350
Social security costs	471,261	430,181
Pension costs	245,835	237,872
	4,232,976	4,175,403

The average number of employees in the year was:

128 128

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 2009.

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

	2009 No.	2008 No.
£60,000 - £69,999	2	1
£70,000 - £79,999	1	1
£100,000 - £109,999	-	-
£110,000 - £119,999	1	1

For employees in the above bandings, contributions of £23,453 (2008 - £18,563) were made during the year for the provision of money purchase pension benefits.

(b) Directors' emoluments:

	2009 £	2008 £
Emoluments	114,499	116,888
Company contributions paid to pension schemes	8,481	8,288

	2009 No.	2008 No.
Members of money purchase pension schemes	1	1

Expenses reimbursed to directors in the year totalled £28,590 (2008 - £20,685).

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
at 31 March 2009

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 2008	12,391,199	151,646	697,192	214,912	1,075,230	126,019	14,656,198
Additions	20,186	-	24,732	22,559	15,428	-	82,905
Disposals	-	-	-	(4,266)	-	-	(4,266)
Transfers	78,242	(78,242)	-	-	-	-	-
At 31 March 2009	12,489,627	73,404	721,924	233,205	1,090,658	126,019	14,734,837
Aggregate depreciation:							
At 1 April 2008	9,868,951	83,879	527,301	201,647	1,028,043	89,625	11,799,446
Charge for year	159,469	3,432	9,360	5,520	30,394	21,348	229,523
Disposals	-	-	-	(4,266)	-	-	(4,266)
Transfers	13,990	(13,990)	-	-	-	-	-
At 31 March 2009	10,042,410	73,321	536,661	202,901	1,058,437	110,973	12,024,703
Net book value:							
At 31 March 2009	2,447,217	83	185,263	30,304	32,221	15,046	2,710,134
At 1 April 2008	2,522,248	67,767	169,891	13,265	47,187	36,394	2,856,752

No value is attributed to land for the freehold theatre. The net book value of vehicles includes £15,046 (2008 - £36,189) in respect of assets held under hire purchase contracts. The depreciation of vehicles includes £21,348 (2008 - £18,045) in respect of assets held under hire purchase contracts.

Notes to the accounts

at 31 March 2009

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 2008	4,016,344	151,646	459,027	214,912	879,860	126,019	5,847,808
Additions	5,176	-	24,732	22,559	15,428	-	67,895
Disposals	-	-	-	(4,266)	-	-	(4,266)
Transfers	78,242	(78,242)	-	-	-	-	-
At 31 March 2009	4,099,762	73,404	483,759	233,205	895,288	126,019	5,911,437
Aggregate depreciation:							
At 1 April 2008	1,493,971	83,879	288,666	201,647	833,268	89,625	2,991,056
Charge for year	159,469	3,432	9,360	5,520	30,394	21,348	229,523
Disposals	-	-	-	(4,266)	-	-	(4,266)
Transfers	13,990	(13,990)	-	-	-	-	-
At 31 March 2009	1,667,430	73,321	298,026	202,901	863,662	110,973	3,216,313
Net book value:							
At 31 March 2009	2,432,332	83	185,733	30,304	31,626	15,046	2,695,124
At 1 April 2008	2,522,248	67,767	169,891	13,265	47,187	36,394	2,856,752

The net book value of vehicles includes £15,046 (2008 - £36,189) in respect of assets held under hire purchase contracts. The depreciation of vehicles includes £21,348 (2008 - £18,045) in respect of assets held under hire purchase contracts.

Notes to the accounts
at 31 March 2009

8. Investments

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
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%*

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

9. Debtors

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Trade debtors	406,494	258,101	406,494	258,101
Other debtors	393,072	178,811	393,072	178,811
Other taxes	8,610	47,460	8,610	47,460
Future productions expenditure	421,720	509,399	421,720	509,399
Prepayments and accrued income	45,606	34,610	45,606	34,610
	<u>1,275,502</u>	<u>1,028,381</u>	<u>1,275,502</u>	<u>1,028,381</u>

Included in future production expenditure are amounts of £12,987 (2008: £31,479) due after more than one year.

10. Creditors: amounts falling due within one year

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Bank overdraft	675,625	-	675,625	-
Trade creditors	417,044	358,849	417,044	358,849
Other taxes and social security costs	102,963	109,042	103,025	109,084
Advance income	75,020	183,412	75,020	183,412
Accruals and other obligations	383,804	395,219	336,158	347,586
Bank loans	47,300	47,300	47,300	47,300
Obligations to hire purchase contracts	11,820	13,578	11,820	13,578
Amount due to subsidiary	-	-	164,413	179,423
	<u>1,713,576</u>	<u>1,107,400</u>	<u>1,830,405</u>	<u>1,239,232</u>

Notes to the accounts
at 31 March 2009

11. Obligations under operating leases

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

	2009		2008	
	Land & buildings	Other	Land & buildings	Other
<i>Group and company</i>	£	£	£	£
Operating leases which expire:				
Within one year	42,000	-	42,000	3,184
Between two and five years	-	277,931	-	281,463
Over five years	45,000	-	45,000	-
	<u>87,000</u>	<u>277,931</u>	<u>87,000</u>	<u>284,647</u>

12. Debentures

Debentures:

Debentures of £25,000 each

Group 2009	Group 2008
£	£
<u>75,000</u>	<u>75,000</u>

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.

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 2009	Group 2008
	£	£
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		
	<u>56,725</u>	<u>56,725</u>
Total premium accrued at 31 March		

Notes to the accounts
at 31 March 2009

13. Other loans and hire purchase obligations

(a) Loans

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Not wholly repayable within five years: £205,000 bank loan at 1% above base rate, repayable in monthly instalments commencing 15 December 2005	80,069	121,892	80,069	121,892
Less: Included in creditors: amounts falling due within one year	(47,300)	(47,300)	(47,300)	(47,300)
	<u>32,769</u>	<u>74,592</u>	<u>32,769</u>	<u>74,592</u>
Amounts repayable:				
In one year or less	47,300	47,300	47,300	47,300
Between one and two years	32,769	47,300	32,769	47,300
Between two and five years	-	27,292	-	27,292
	<u>80,069</u>	<u>121,892</u>	<u>80,069</u>	<u>121,892</u>

The loan is secured by a fixed charge on the freehold property at Edington Street.

(b) Obligations under hire purchase contracts
Group and company

	2009 £	2008 £
Amounts payable:		
Within one year	11,820	13,578
In two to five years	14,516	28,039
	<u>26,336</u>	<u>41,617</u>

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.

Notes to the accounts

at 31 March 2009

15. Restricted Funds

Group and company

	New Production £	Restructuring £	Fundraising £	Total £
Balance at 1 April	55,314	333,797	-	389,111
Income	-	-	568,045	568,045
Expenditure	(55,314)	(276,617)	(568,045)	(899,976)
Balance at 31 March	-	57,180	-	57,180

New Production Fund

This contains monies raised to fund a new main scale opera production by the company. This fund was utilised for the production of La traviata during the year.

Restructuring

The Scottish Executive, through the SAC, agreed a funding package of up to £6.792 million to defray the overall costs of implementing the group's business plan approved by the Board of Directors on 7 June 2004. The balance of £57,180 (2008 - £333,797) shown above is the amount claimed by the group to meet the remaining costs associated with implementing the approved business plan.

Fundraising

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

16. 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 2009

17. Cash flow statement

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

	2009	2008
	£	£
Net (expenditure)/ income on ordinary activities	(509,115)	387,393
Interest receivable	(24,390)	(93,296)
Interest payable	7,765	12,899
Depreciation	229,523	289,326
Net expenditure on restricted funds	(331,931)	-
(Increase)/decrease in debtors	(247,120)	(215,307)
(Decrease) in creditors	(67,693)	(811,392)
Net cash (outflow) from operating activities	<u>(942,961)</u>	<u>(430,377)</u>

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

	2009	2008
	£	£
Returns on investments and servicing of finance		
Interest received	24,390	93,296
Interest paid	(7,765)	(12,899)
	<u>16,625</u>	<u>80,397</u>
Capital expenditure and financial investment		
Purchase of fixed assets	(82,905)	(330,839)
	<u>(82,905)</u>	<u>(330,839)</u>
Financing		
Repayment of long term loan	(41,822)	(37,634)
Hire Purchase payments	(15,281)	(17,843)
	<u>(57,103)</u>	<u>(55,477)</u>

Notes to the accounts
at 31 March 2009

17. Cash flow statement (continued)

(c) Analysis of net funds:

	At 1 April 2008 £	Cash flow £	Other changes £	At 31 March 2009 £
Bank and cash in hand	402,717	(390,719)	-	11,998
Bank overdraft	-	(675,625)	-	(675,625)
	402,717	(1,066,344)	-	(663,627)
Debentures	(75,000)	-	-	(75,000)
Other loans	(121,892)	41,822	-	(80,070)
Hire purchase contracts	(41,617)	15,281	-	(26,336)
	164,208	(1,009,241)	-	(845,033)

18. Commitments

The company is committed to contracts with guest artistes, etc. and other costs in connection with future productions in the sum of £1,370,561 (2008 - £1,099,981) of which £1,004,797 relates to the year to 31 March 2010 and £365,764 relates to later years. These amounts have not been included in the accounts.

19. 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 £245,835 for the group and £245,835 for the company (2008 - £237,872 and £237,872 respectively).

20. Contingent liabilities

There are contingent liabilities totalling £2,336,796 (2008 - £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.