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Scottish Opera (Limited by Guarantee)

Report and Accounts

31 March 2017

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COMPANIES HOUSE

Scottish Opera
(Limited by Guarantee)

Registered No: SC037531

Company Information

Directors

Peter Lawson	(Chair)
John McCormick	(Vice chair)
Dorothy Miell	(Vice chair)
Jessica Burns	
Anthony Burton OBE	
Elizabeth Cameron	
Dominic Fry	
Andrew Lockyer	
John McDonald	
Stuart Patrick	
Alex Reedijk	(General Director)
Jennifer Slack	

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

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1 George Square
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60 York Street
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Registered office

39 Elmbank Crescent
Glasgow
G2 4PT

Chair's statement

It is with great pleasure that I present my third Chair's Statement on behalf of the Board of Scottish Opera.

Without a doubt, this has been an excellent year for Scottish Opera. The Company's productions have toured extensively across Scotland and beyond – with visits to Belfast, Newcastle, Bristol, Southampton and Liverpool – and have garnered enthusiastic audience feedback and many five star reviews from the critics. Of course, the Company's work does not start and finish with fully-staged productions in major theatres, important though they are. The commitment to touring to smaller and more remote communities continued with *The Elixir of Love* and *Opera Highlights*, performances of *A Little Bit of...* in our converted scenery trailer 'theatre on wheels' and the huge range of education and outreach work across the country, all of which aims to ignite and sustain interest in opera and to encourage creativity.

I am proud of the Company's consistently high standards and I am continually impressed at the feedback I receive from visiting artists – singers, directors, designers – complimenting the professionalism of the Scottish Opera team, and the welcome and support they receive whilst working with the Company. It is clear to me that each and every member of staff is committed to sharing this wonderful artform and to doing their bit towards entertaining, inspiring and delighting audiences across the country.

Scottish Opera continues to innovate and to invest in the future of live performance. It was with enormous pride that the Company presented the first Dementia Friendly opera – a specially adapted version of *The Marriage of Figaro* – working closely with colleagues at the Edinburgh Festival Theatre. The Company continued to push the boundaries of opera and to show its support of home-grown talent: it commissioned Composer in Residence Liam Paterson to write a new work, *The 8th Door*, for performance in a double bill with Bartók's *Bluebeard's Castle*, and continued its support of artists in the early stages of their career through the Emerging Artists programme and the Opera Sparks 2018 competition for young composers and librettists.

My thanks, as always, to the Scottish Government for its continued support through its commitment to core funding and, in particular, to Fiona Hyslop, Cabinet Secretary for Culture, Tourism and External Affairs, and her team in the Culture Division for the enthusiasm and dedicated support they demonstrate towards the Company.

We are indebted to our many other supporters: the trusts, foundations, businesses and individual donors who have continued to give their invaluable support to the Company this year.

The Board continues to meet quarterly, supported by more frequent meetings of the Finance and General Purpose Committee. During the year, we welcomed Jessica Burns and Elizabeth Cameron to the Board. Trevor Hatton and Sir John Elvidge retired as Directors as did my Vice Chair Shields Henderson. Professor Dorothy Miell joined John McCormick as a Vice Chair of the Board. I thank them and, indeed, all the Directors for their support and for the commitment, experience and enthusiasm they lend to guiding the Company.

I take this opportunity personally and on behalf of my fellow directors to thank and congratulate Stuart Stratford on his first full Season in post. He has, already, made significant contributions to the Company's artistic wellbeing in his first productions as Music Director – *Rusalka*, *Pelléas and Mélisande* and *The Sunday Series: Opera in Concert*. Their quality has resoundingly demonstrated the extent and value of the impact he has had. And, as ever, I extend thanks to Alex Reedijk and the staff of the Company for their hard work, commitment and loyalty which have enabled Scottish Opera to enjoy such a successful year.

Peter Lawson
Chairman

General Director's report

Scottish Opera

A year in the life of an opera company is never dull but, for Scottish Opera, 2016/17 has been especially thrilling: new commissions, premieres, rave reviews, great audiences, collaborations and innovations – all have contributed to a year in which the Company further consolidated its position as an energetic and forward-looking organisation.

Over the course of the financial year, Scottish Opera gave 66 mainstage opera performances in Glasgow, Edinburgh, Aberdeen and Inverness, including 13 performances of *Opera Unwrapped*, and we crossed borders to give 21 performances of *The Mikado*, 2 performances of *The Marriage of Figaro* and 2 *Opera Unwrapped* performances elsewhere in the UK. We travelled over 4,000 miles, to 32 communities throughout Scotland, with smaller scale opera productions and delivered education and outreach projects in the UK and in Hong Kong and China.

Audiences frequently tell us how much they appreciate the broad range of opera we deliver – both in the variety of scale, style and format and in the geographic spread of our activity. This all serves to ensure that we continue to fulfil our core charitable aims and objectives, and we are proud of the fact that 93% of our total income goes to delivering opera throughout Scotland – it's what we are here to do. It was enormously gratifying to be awarded the Best Musical Group Award at the inaugural Sunday Herald Culture Awards in 2016, in which Stuart MacRae and Louise Welsh were also shortlisted for the Best Musical Artist Award for *The Devil Inside*.

This year we really got our first chance to see the impact and reap the benefits of Stuart Stratford's appointment as Music Director. His knowledge, energy and enthusiasm contribute significantly to the musical and artistic health of the Company and he has already built up a wonderful rapport with audiences, particularly through his *Sunday Series* concerts and his involvement in touring *The Elixir of Love* around Scotland.

Audiences are voting with their feet, and I am pleased to report that our audience numbers in Scotland increased by 10% compared with 2015/16, and just under 18,500 people attended our performances in other parts of the UK. 8% of our audience were aged under 26 – reflecting the continuing popularity of the Under 26 £10 ticket scheme. We were pleased to launch our new website in January 2017 with increased functionality and adaptability to make sure we can disseminate and share information as effectively as possible. We also significantly increased our digital content production and its distribution through the website and social media channels to give deeper insights into our work and the artists who create it.

We remain Scotland's largest professional performing arts organisation, providing contracts for services for just under 700 people in the year, including contract artists, musicians, artisans and other professionals, while retaining a core staff of 144 full time equivalent employees.

The Company received standstill funding for 2017/18 in the budget announced by the Scottish Government in December 2016. We recognise this was as good an outcome as we could expect given the economic challenges facing the government and we are very grateful for their continued support. We are, however, alert to the economic and political climate and, particularly, to the possible impacts of Brexit. The longer-term future, therefore, continues to be challenging as we strive to sustain a vibrant opera company in Scotland for the 21st century.

Scottish Opera Performances

Between April 2016 and March 2017, we presented six mainstage productions including a revival, a restaging, three co-productions, a world premiere, a Scottish premiere and two works we commissioned.

General Director's report

Scottish Opera Performances (cont'd)

In Spring 2016 Stuart Stratford conducted Dvořák's *Rusalka*, his first production since taking up post as Music Director. Originally presented at Grange Park Opera, Antony McDonald directed and designed this restaging with Anne Sophie Duprels in the title role and a cast which also included Sir Willard White, Peter Wedd, Leah-Marian Jones and Natalya Romaniw. *Rusalka* was presented in Glasgow and Edinburgh, and was generously supported by The Scottish Opera Syndicate.

Providing a high-spirited finale to the 2015/16 Season was a new co-production with D'Oyly Carte Opera Company of Gilbert & Sullivan's *The Mikado*. Following the success of *The Pirates of Penzance* (2013), director Martin Lloyd-Evans returned to create a colourful production with designer Dick Bird and a fine British cast, including Richard Suart, Nicholas Sharrat, Rebecca Bottone, Andrew Shore and Stephen Richardson. Conducting duties were shared by Scottish Opera Head of Music Derek Clark and D'Oyly Carte's David Steadman. As well as touring to our four main Scottish venues in Glasgow, Edinburgh, Aberdeen and Inverness, *The Mikado* was presented in Belfast, Newcastle, Bristol and Southampton with support from the Cross Border Touring Fund.

The 2016/17 Season opened with a revival of our much-loved 2010 production of Mozart's *The Marriage of Figaro*, directed by Sir Thomas Allan. Former Scottish Opera Emerging Artist Ben McAteer took the title role and was joined by Anna Devin, Samuel Dale Johnson and a popular Scottish triumvirate - Donald Maxwell, Eleanor Dennis and Marie McLaughlin. Tobias Ringborg conducted. It was performed to great acclaim in Glasgow, Aberdeen, Inverness and Edinburgh before travelling to Liverpool - again with support from the Cross Border Touring Fund. This was a welcome return to Merseyside, which we had not visited since 2004. The original 2010 production of *The Marriage of Figaro* was supported by Dunard Fund and The Scottish Opera Syndicate.

The beginning of 2017 saw the Scottish premiere of Philip Glass's *The Trial*, based on Kafka's iconic novel and with a libretto by Christopher Hampton. A Scottish Opera co-commission with Music Theatre Wales, The Royal Opera and Theater Magdeburg, *The Trial* featured a superb ensemble cast including Nicholas Lester and Paul Carey Jones and three of our 2016/17 Emerging Artists, Emma Kerr, Hazel McBain and Elgan Llyr Thomas. It was directed by Michael McCarthy and conducted by Derek Clark. The production – presented in Glasgow and at the King's Theatre in Edinburgh – was made possible with support from Scottish Opera's New Commissions Circle.

Spring 2017 brought two very different but equally exciting productions to our stages. We were delighted to welcome back Sir David McVicar, with whom the Company has enjoyed a long and valued relationship, to direct his first production of Debussy's extraordinary opera *Pélleas and Mélisande* with designs by Paule Constable and Rae Smith. Carolyn Sampson and Andrei Bondarenko sang the title roles with Roland Wood, Alistair Miles and Anne Mason. Stuart Stratford conducted in performances that were met with near universal praise. This new production was supported by Dunard Fund and The Alexander Gibson Circle.

Hot on the heels of the success of *Pélleas and Mélisande* came the Company's unique double bill co-production with innovative Scottish theatre company, Vanishing Point, and their founder Matthew Lenton, directing his first opera. Rather than pair Bartók's tour-de-force *Bluebeard's Castle* with an existing opera, we chose to commission a new partner piece from Composer in Residence Liam Paterson. Matthew and Liam co-created *The 8th Door*, a genre-defying work which split opinions and stimulated considerable conversation and reflection in just the way new art should. *The 8th Door* was performed by actors Gresa Pallaska, Elicia Daly and Robert Jack. Robert Hayward was Bluebeard and Scottish mezzo-soprano Karen Cargill sang her first Judith in *Bluebeard's Castle*. Both pieces were conducted by Sian Edwards. *The 8th Door* was supported by Scottish Opera's New Commissions Circle.

General Director's report

Scottish Opera Performances (cont'd)

The Company maintained its commitment to performing in venues the length and breadth of the country with a 17-date tour of Donizetti's *The Elixir of Love* in Autumn 2016. With a small ensemble replacing the more usual piano accompaniment on this wide-ranging tour, conducting duties were shared between Stuart Stratford and Derek Clark. The ever-popular *Opera Highlights*, directed by Scottish Opera Emerging Artist Jim Manganello, travelled to a further 15 smaller and more remote venues in Spring 2017.

Our long-standing relationship with the National Opera Studio in London, which is supported by The Scottish Opera Endowment Trust, continued with a week-long residency for the year's student cohort. We received overwhelmingly positive feedback from the participants, who told us they found the immersive experience within a working opera company invaluable. Their week with the Company concluded with a stunning performance of semi-staged scenes at Theatre Royal Glasgow, also generously supported by The Scottish Opera Endowment Trust.

The Orchestra of Scottish Opera

Music Director Stuart Stratford's *Sunday Series* of concerts continued to go from strength to strength. The final concert of the 2015/16 Season featured English lyric soprano Kate Royal performing works by Mozart and Richard Strauss. Stuart's curation of the Series for the 2016/17 Season featured four concert performances of rarely performed operas. Two of these fell in the 2016/17 financial year: Mascagni's *L'amico Fritz* and Debussy's *L'enfant prodigue*. Audiences have responded very positively to this new programming thread and to Stuart's inimitable introductions from the podium.

The opening of our Silver Cloud Studios at Hillington Industrial Estate resolved the long-standing challenge of booking suitable rehearsal space for the Orchestra. It provides excellent facilities – and an excellent acoustic – for a much-needed, home base specifically for the Orchestra, and we are grateful to The Monument Trust for making it possible.

Scottish Opera Education

The education team delivered 532 workshops and performances in locations across Scotland, involving 49,000 participants and audience members.

The Pop Up Opera trailer tour visited 18 venues from north to south and east to west, with a total of 84 performances of *A Little Bit of Mikado*, *A Little Bit of Figaro* and *A Little Bit of Northern Light*.

The *Memory Spinners* programme for those living with dementia entered its 6th season in Glasgow, and also launched in Edinburgh in Autumn 2016. We extended our work in this area with the presentation of a *Dementia Friendly* performance of *The Marriage of Figaro* at Edinburgh Festival Theatre – the first *Dementia Friendly* opera performance in the UK and, so far as we know, worldwide. Like the *Memory Spinners* project itself, the DF performance received an overwhelmingly positive response.

The Company's longest-running education project, the ever-popular *Primary Schools Tour*, continued with visits to 117 schools. Two shows were on the road in Scotland during the year. *Fever!* focused on the themes of biomedicine and epidemiology (in an age appropriate context) as well as issues around how mass media report events in our society. *A Tale o' Tam o'Shanter* revisited Burns' great poem, bringing it to life in the classroom for a new generation. We were delighted also to be invited to take our show *Warriors! The Emperor's Incredible Army* to primary schools in Newcastle. In total, just under 10,000 children participated in the *Primary Schools Tours* and performed to a combined audience of nearly 22,000. There were also further visits to China and Hong Kong, where 1,540 young people participated in primary schools' workshops.

General Director's report

Scottish Opera Education (cont'd)

In April 2016, Scottish Opera's youth company, Connect, presented *The Cabinet of Dr Caligari*, a new opera by Karen MacIver and Allan Dunn, at Woodside Halls in Glasgow. Connect also performed at the International Society of Music Education Conference Opening Concert at Glasgow Royal Concert Hall and teamed up with Opera North's junior chorus for performances of Kurt Weill's *Down in the Valley* and *Der Jasager* at Aberdeen International Youth Festival.

As part of the 2016 Year of Architecture and Design, Scottish Opera Education presented *The Little White Town of Never Weary*, inspired by the work of 'Glasgow Girls' artist and illustrator Jessie M King. The show, which examined the importance of our built heritage and surroundings to our wellbeing, toured to Kirkcudbright, Musselburgh, Falkirk, Aberdeen and Glenrothes.

Preliminary development work for a new intergenerational project, *Spinning Songs*, was undertaken and a new work for babies aged 6 – 18 months was co-commissioned by Scottish Opera, Manchester International Festival and Improbable. *BambinO* is written by Scottish Opera Composer in Residence Liam Paterson and directed by Improbable's Phelim McDermott. Performances take place in 2017 in Manchester, Edinburgh and Glasgow.

I was delighted that Jane Davidson, Director of Education & Outreach – who has worked with Scottish Opera for over 30 years – was awarded an MBE in the New Year's Honours List. It is a thoroughly deserved recognition of her achievements.

Scottish Opera External Support

Income generated through fundraising for the year totalled £1,185,498 in cash and in-kind donations from our supporters. This is an increase of over £83,000 on the previous year, and we are grateful to all of our donors for helping us to create a fine range of operatic productions and projects. Additional income of £50,000 was received for the new orchestra rehearsal space at Silver Cloud Studios.

Special thanks are due to the Dunard Fund, The Binks Trust and to the members of Scottish Opera's Syndicate, who have provided significant support to our productions and seasons.

We are very fortunate to have 492 annual supporters giving through our Alexander Gibson Circle, Emerging Artists programme, Education Angels scheme, Music Director's Circle and the New Commissions Circle, and a total of 1,312 Friends of Scottish Opera.

The gifts we have received from a total of 55 Charitable Trusts and Foundations have been important in helping us realise our artistic ambitions and continue our established programmes in the community. We are especially grateful to The Gannochy Trust, The Garfield Weston Foundation, Glasgow Third Sector Transformation Fund, The Monument Trust, Postcode Community Trust and The Robertson Trust for their significant support.

We extend sincere thanks to all of the businesses that support our work with gifts in cash and in-kind. We are delighted that they benefit from an association with us and that they are able to introduce new audiences to opera by bringing them to performances as their guests.

The Scottish Opera Endowment Trust, funded through legacies from supporters over the years, continues to play an important role in supporting the Company, giving £54,000 in 2016/17. We work closely with the Trust and intend that, generally speaking, legacies to the Company will be transferred to the Trust for investment; the Trust supports Scottish Opera using income from these investments. We are so grateful to our supporters who have helped us by leaving a legacy and we are stewarding their gifts carefully, so that they will continue to help us over coming years. Thanks go also to the members of our Dame Janet Baker Circle, who have pledged us a legacy in the future.

General Director's report

Theatre Royal

The development and extension of the public spaces at Theatre Royal continues to benefit audiences, and we were delighted that our 'Building for the Future' campaign won a coveted Emcees Arts & Culture Award for Excellence in Fundraising 2016 in the Best Campaign Over £100,000.

The Theatre Royal heritage programme funded by the Heritage Lottery Fund concludes in July 2017. During 2016/17, two Open Days were held at the theatre attracting 461 visitors on 28 tours. Additional activities at these included a performance by the Scottish Opera Community Choir, costume displays and opportunities to try on costumes, and the chance to walk on the set of a Scottish Opera production.

A new exhibition curated by Scottish Opera was installed in the display areas in January 2017, replacing Scottish Ballet's *Nutcracker* exhibit. It showcased costumes from previous Scottish Opera productions directed by Sir David McVicar and its installation coincided with the opening of his new production of Debussy's *Pelléas and Mélisande* at the theatre. Going forward, Scottish Opera and Scottish Ballet have agreed to refresh the exhibition every 6 months.

The 150th Anniversary of the opening of the Theatre Royal falls on 28 November 2017 and plans are underway to mark the occasion.

As ever, I would like to close by expressing my immense gratitude to the many dedicated, skilled, creative people who choose to work with and for Scottish Opera: all of the artists, musicians, artisans and other professionals who help us create and perform fabulous opera productions throughout Scotland. And, of course, a big thank you to all those who come to see our work on stage or participate in events across the country.

Alex Reedijk
General Director

Directors' report

The Directors present their Directors' report, including the strategic report, and accounts for the year ended 31 March 2017.

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 Limited is the ownership of the Theatre Royal, Glasgow.

The principal activity of Scottish Opera Services Limited is the provision of transport facilities.

The principal activity of Edington Productions Limited is the production of opera for Scottish Opera.

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

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

Strategic report

Achievements, 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 pages 3 to 7.

Directors' report

External responsibilities

Scottish Opera is supported by public funds. These were in the main 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.

Principal funding sources

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

Theatre tax credit

Legislation came into force on 1 September 2015 which enables Scottish Opera, or one of its trading subsidiaries, to claim a corporation tax credit based on pre production expenditure. The company is allowed to claim 20% of 80% of allowable expenditure of non touring productions and 25% of 80% of allowable expenditure of touring productions.

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. Based on confirmed grant levels for 2017/18 and expectations for 2018/19, the directors are confident that the going concern basis is appropriate for the company.

Reserves policy

At 31 March 2017 the group unrestricted general reserves amounted to £1,055,674 (2016: £841,848).

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

The policy will be reviewed annually.

As part of the funding agreement with the Scottish Government, Scottish Opera is not allowed to hold more than 10% of total income as general, undesignated reserves.

Insurance

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

Directors' report

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 complex 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.

Scottish Opera's structure of corporate governance

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.

The Board are responsible for setting the remuneration of key management personnel which is set using benchmarking of similar posts in the sector and current market forces.

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 four years at the Annual General Meeting (AGM). This first term may be followed by a re-appointment for a further term of four years. Any director co-opted onto the Board between AGM's must be elected at the AGM immediately following their co-option.

Directors' report

Scottish Opera's structure of corporate governance (cont'd)

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:

Peter Lawson (Chair), John McCormick (Vice chair), Dorothy Miell, (Vice Chair), Jessica Burns, Anthony Burton, Elizabeth Cameron, Dominic Fry, Andrew Lockyer, John McDonald, Stuart Patrick, Alex Reedijk and Jennifer Slack.

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 and 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 6 times in the year.

The members of the Committee are:

John McCormick (Chair), Jessica Burns, Anthony Burton, John McDonald, Dorothy Miell and Stuart Patrick.

Audit Committee

The Audit Committee normally meets twice a year with its auditor. 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 once in the year.

The members of the Committee are:

Elizabeth Cameron (Chair), Anthony Burton, and Andrew Lockyer.

Directors' report

Reference and administration details

Scottish Opera, as part of the Scottish Opera group of companies, is a company limited by Guarantee (registered company number: SC037531) and is registered with The Office of the Scottish Charity Regulator (OSCR) under charity number SC019787. Details of the company's registered office, auditor, bankers and solicitors are on page 1.

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:

Peter Lawson	(Chair)
John McCormick	(Vice chair)
Dorothy Miell	(Vice chair)
Jessica Burns	(appointed 23 September 2016)
Anthony Burton OBE	
Elizabeth Cameron	(appointed 23 September 2016)
Sir John Elvidge	(retired 23 September 2016)
Dominic Fry	
Trevor Hatton	(retired 23 September 2016)
Shields Henderson	(retired 23 September 2016)
Andrew Lockyer	
John McDonald	
Stuart Patrick	
Alex Reedijk	(General Director)
Jennifer Slack	

Directors' responsibilities in respect of the accounts

The directors are responsible for preparing the Directors' report, including the strategic 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
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business

Directors' report

Directors' responsibilities in respect of the accounts (cont'd)

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.

The Directors' report, including the strategic report, has been approved by the Board.

On behalf of the Board



Peter Lawson (Chair)

Dated: 22 September 2017

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 2017 which comprise the consolidated and parent company's Statement of Financial Activities, the consolidated and parent company Balance Sheets, the 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 including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made exclusively to the members, as a body, in accordance with chapter 3, part 16 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 the directors and the auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 12 and 13, the directors (who are also the trustees of the charitable company for the purposes of charity 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

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 2017 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).

**Independent auditor's report
to the Directors and Members of Scottish Opera (Limited by Guarantee)**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Chair's statement, General Director's report and the Directors' report including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements and the Directors' Report, including the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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: 22-9-17

Consolidated statement of financial activities and income and expenditure account

for the year ended 31 March 2017

	Notes	Unrestricted Funds General	Designated	Restricted Funds	2017 Total	2016 Total
		£	£	£	£	£
Income						
Donations	6a	8,537,030	-	683,143	9,220,173	9,688,152
Charitable activities	6b	1,723,336	-	744,013	2,467,349	1,574,974
Other trading activities	6c	721,421	-	-	721,421	664,675
Investment income		15,405	-	-	15,405	14,655
Other income	19	-	-	-	-	870,289
Total income		10,997,192	-	1,427,156	12,424,348	12,812,745
Expenditure						
Raising funds	7	761,504	-	-	761,504	692,944
Charitable activities	7	10,773,383	59,037	1,630,342	12,462,762	11,238,365
Total expenditure		11,534,887	59,037	1,630,342	13,224,266	11,931,309
Net (expenditure)/income before transfers and theatre tax credit		(537,695)	(59,037)	(203,186)	(799,918)	881,436
Theatre tax credit		735,219	-	-	735,219	603,081
Net (expenditure)/income before transfers		197,524	(59,037)	(203,186)	(64,699)	1,484,517
Gross transfers between funds:	23					
Release of capital grants		116,302	(116,302)	-	-	-
Transfer to designated funds		(100,000)	100,000	-	-	-
Net movement in funds		213,826	(75,339)	(203,186)	(64,699)	1,484,517
Reconciliation of funds						
Total funds brought forward		841,848	2,617,918	13,700,280	17,160,046	15,675,529
Total funds carried forward	23,24	1,055,674	2,542,579	13,497,094	17,095,347	17,160,046

All income and expenditure derive from continuing activities.

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

The notes on pages 20 to 45 form part of these financial statements.

Company statement of financial activities and income and expenditure account
for the year ended 31 March 2017

	Notes	Unrestricted Funds General	Designated	Restricted Funds	2017 Total	2016 Total
		£	£	£	£	£
Income						
Donations	6a	8,516,030	-	329,283	8,845,313	9,278,961
Charitable activities	6b	1,723,336	-	744,013	2,467,349	1,574,974
Other trading activities	6c	432,380	-	-	432,380	385,823
Investment income		3,470	-	-	3,470	2,052
Total income		10,675,216	-	1,073,296	11,748,512	11,241,810
Expenditure						
Raising funds	7	356,594	-	-	356,594	338,479
Charitable activities	7	10,856,317	-	1,252,306	12,108,623	10,896,221
Total expenditure		11,212,911	-	1,252,306	12,465,217	11,234,700
Net (expenditure)/ income before theatre tax credit and transfers		(537,695)	-	(179,010)	(716,705)	7,110
Theatre tax credit		735,219	-	-	735,219	603,081
Net (expenditure)/ income before transfers		197,524	-	(179,010)	18,514	610,191
Gross transfers between funds:	23					
Release of capital grants		116,302	(116,302)	-	-	-
Theatre tax credit		(100,000)	100,000	-	-	-
Net movement in funds		213,826	(16,302)	(179,010)	18,514	610,191
Reconciliation of funds						
Total funds brought forward		849,518	1,775,416	329,660	2,954,594	2,344,403
Total funds carried forward	23,24	<u>1,063,344</u>	<u>1,759,114</u>	<u>150,650</u>	<u>2,973,108</u>	<u>2,954,594</u>

All income and expenditure derive from continuing activities.
The statement of financial activities includes all gains and losses in the year.

The notes on pages 20 to 45 form part of these financial statements

**Balance sheet
at 31 March 2017**

	Notes	2017 £	Group 2016 £	2017 £	Company 2016 £
Fixed assets					
Tangible assets	12	19,869,272	20,138,601	1,553,985	1,502,599
Investments	13	-	-	1,012	1,012
		<u>19,869,272</u>	<u>20,138,601</u>	<u>1,554,997</u>	<u>1,503,611</u>
Current assets					
Debtors	14	2,228,036	2,141,711	2,228,966	2,053,568
Cash at bank and in hand	15	268,378	2,329,120	188,506	1,434,112
		<u>2,496,414</u>	<u>4,470,831</u>	<u>2,417,472</u>	<u>3,487,680</u>
Creditors: amounts falling due within one year	16	(1,369,511)	(3,164,241)	(990,072)	(1,671,687)
Net current assets		<u>1,126,903</u>	<u>1,306,590</u>	<u>1,427,400</u>	<u>1,815,993</u>
Total assets less current liabilities		<u>20,996,175</u>	<u>21,445,191</u>	<u>2,982,397</u>	<u>3,319,604</u>
Creditors: amounts falling due after more than one year	18	(3,900,828)	(4,285,145)	(9,289)	(365,010)
Total assets less liabilities		<u>17,095,347</u>	<u>17,160,046</u>	<u>2,973,108</u>	<u>2,954,594</u>
Funds					
Unrestricted funds:					
- Designated	22,23	2,542,579	2,617,918	1,759,114	1,775,416
- General	23	1,055,674	841,848	1,063,344	849,518
		<u>3,598,253</u>	<u>3,459,766</u>	<u>2,822,458</u>	<u>2,624,934</u>
Restricted funds	23	13,497,094	13,700,280	150,650	329,660
	23,24	<u>17,095,347</u>	<u>17,160,046</u>	<u>2,973,108</u>	<u>2,954,594</u>

The financial statements were approved and authorised for issue by the board of directors on 22 September 2017 and signed on its behalf by:

Peter Lawson

Chair



The notes on pages 20 to 45 form part of these financial statements

**Consolidated and company cash flows statement
for the year ended 31 March 2017**

		Group		Company	
	Notes	2017 £	2016 £	2017 £	2016 £
Cash flows from operating activities					
Cash (used in)/provided by operating activities	27	(219,266)	1,420,228	310,997	3,661,969
Cash flows from investing activities					
Interest received		3,470	2,052	3,470	2,052
Purchase of fixed assets		(354,956)	(1,933,861)	(321,297)	(11,723)
Proceeds on disposal of fixed assets		13,350	-	13,350	-
Net cash used in investing activities		(338,136)	(1,931,809)	(304,477)	(9,671)
Cash flows from financing activities					
Loan drawn down		-	5,000,000	-	-
Repayment of long term loans		(715,429)	(161,977)	(515,429)	(161,978)
Interest paid		(70,507)	(35,247)	(25,289)	(35,247)
Repayment of hire purchase leases		(5,995)	-	-	-
Net cash provided(used in)/by financing activities		(791,931)	4,802,776	(540,718)	(197,225)
(Decrease)/increase in cash in the year		(1,349,333)	4,291,195	(534,198)	3,455,073
Cash and cash equivalents at 1 April		1,617,712	(2,673,483)	722,704	(2,732,369)
Cash and cash equivalents at 31 March	15	268,379	1,617,712	188,506	722,704

The notes on pages 20 to 45 form part of these financial statements

Notes to the accounts
for the year ended 31 March 2016

1. General information

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charity's transactions are denominated. These financial statements are of Scottish Opera and subsidiaries.

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 Limited is the ownership of the Theatre Royal, Glasgow.

The principal activity of Scottish Opera Services Limited is the provision of transport facilities.

The principal activity of Edington Productions Limited is the production of opera for Scottish Opera.

Scottish Opera is an incorporated charity limited by guarantee in the United Kingdom and is registered in Scotland. It is recognised as a charity for tax purposes by HMRC and is registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC019787. Details of the registered office and company registration number can be found on the company information page of these financial statements.

2. Statement of compliance

The financial statements are prepared in accordance with United Kingdom Accounting Standards, including the Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102), the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)", the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are noted below. These policies have been applied consistently to all the years presented, in dealing with items which are considered material in relation to the charity's financial statements unless otherwise stated.

a) Basis of preparation

The financial statements are prepared on the historical cost basis.

Scottish Opera meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires directors to exercise their judgement in applying the accounting policies (see note 4).

Notes to the accounts
for the year ended 31 March 2016

3. Accounting policies (cont'd)

b) 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. Based on confirmed grant levels for 2017/18 and expectations for 2018/19, the directors are confident that the going concern basis is appropriate for the company.

c) Basis of consolidation

The consolidated accounts of the group of Scottish Opera companies represent the parent company, Scottish Opera, and its three subsidiaries: Scottish Opera Theatre Royal Limited, Scottish Opera Services Limited and Edington Productions Limited.

d) Income recognition

Income arising in the year is stated exclusive of VAT and embraces box office receipts, fundraising & sponsorship, other commercial fees, revenue grants received from the Scottish Government and local authorities, capital grants, rental income and interest receivable.

All income is included in the Statement of Financial Activities when the company is entitled to the income, it is probable that the income will be received and the amount can be measured reliably. The following specific policies are applied to particular categories of income:

- Donations income is received by way of grants and donations and is included in the Statement of Financial Activities when the company becomes entitled to the funds, it is probable that the income will be received and the amount can be measured reliably.
- Income from charitable trading activity is accounted for when earned, it is probable that the income will be received and the amount can be measured reliably.
- Other trading income is accounting for when earned.
- Investment income is recognised when receivable and the amount can be measured reliably by the company.
- Other income is recognised when the company is entitled to the income and the amount can be measured reliably.

e) Capital grants and donations

Income 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.

f) Gifts in kind

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

Notes to the accounts
for the year ended 31 March 2016

3. Accounting policies (cont'd)

g) Expenditure recognition

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure is reported as part of the expenditure to which it relates:

- Cost of raising funds comprise the costs associated with attracting donations income.
- Charitable expenditure comprises those costs incurred by the company 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 company and include the audit fee 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.

h) Support costs

Support costs are allocated to activities on the basis of the relative cost of those activities.

i) Governance costs

Governance costs of £26,010 (2016: £22,637) are made up of costs of the Board, corporate legal costs and the audit fee.

j) 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 Statement of Financial Activities 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 the Statement of Financial Activities on a straight line basis over the lease term.

k) Pensions

The company operates a number of defined contribution pension schemes. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the schemes.

l) Theatre tax credit

The theatre tax credit is credited to the Statement of Financial Activities consistent with the principles of corporation tax, based on productions during the financial year which meet the criteria of the relief.

m) Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange 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.

Notes to the accounts
for the year ended 31 March 2016

3. Accounting policies (cont'd)

n) Tangible fixed assets

Individual fixed assets costing £1,000 or more are capitalised at cost. Depreciation is provided on all fixed assets 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	-	16.6%-20%
Musical instruments	-	20%
Office equipment	-	20%
Computer equipment	-	33 1/3%
Motor vehicles	-	25%

o) Investments

Investments in subsidiary undertakings are included at cost less accumulated impairment.

p) Financial instruments

The charity only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors and loans to related parties. Debt instruments (after more than one year) are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year are measured, initially and subsequently, at the undiscounted amount of the cash, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Financial Activities.

Loans received which are not at a market rate of interest are discounted to the net present value of the future cash flows using a market rate of interest for a similar debt instrument.

q) Debtors

Short term debtors are measured at transaction price, less any impairment.

r) 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.

Notes to the accounts
for the year ended 31 March 2016

3. Accounting policies (cont'd)

s) Cash and cash equivalents

Cash and cash equivalents includes cash and short term highly liquid deposits with a short maturity of twelve months or less from the date of opening of the deposit or similar account.

t) Creditors

Short term trade creditors are measured at the transaction price.

u) 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

4. Judgements in applying policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The directors are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied to the depreciation rates and the rate of interest used to discount loans received which are not at a market rate of interest to the net present value of the future cash flows. The depreciation rates have been deemed to be appropriate for the class of asset. The market rate of interest used has been reviewed and has been deemed to be appropriate.

Notes to the accounts
for the year ended 31 March 2016

5. Comparative statement of financial activities and income and expenditure account

Group	Unrestricted Funds		Restricted Funds	2016 Total
	General	Designated		
	£	£	£	£
Income				
Donations	8,837,128	-	851,024	9,688,152
Charitable activities	1,199,373	-	375,601	1,574,974
Other trading activities	664,675	-	-	664,675
Investment income	14,655	-	-	14,655
Other income	-	870,289	-	870,289
Total income	10,715,831	870,289	1,226,625	12,812,745
Expenditure				
Raising funds	692,944	-	-	692,944
Charitable activities	10,230,927	27,787	979,651	11,238,365
Total expenditure	10,923,871	27,787	979,651	11,931,309
Net (expenditure)/income before transfers and theatre tax credit	(208,040)	842,502	246,974	881,436
Theatre tax credit	603,081	-	-	603,081
Net income before transfers	395,041	842,502	246,974	1,484,517
Gross transfers between funds:				
Release of capital grants	116,302	(116,302)	-	-
Transfer to designated funds	(603,081)	603,081	-	-
Net movement in funds	(91,738)	1,329,281	246,974	1,484,517

Notes to the accounts
at 31 March 2017

5. Comparative statement of financial activities and income and expenditure account (continued)

Company	Unrestricted Funds		Restricted Funds	2016 Total
	General	Designated		
	£	£	£	£
Income				
Donations	8,837,128	-	441,833	9,278,961
Charitable activities	1,199,373	-	375,601	1,574,974
Other trading activities	385,823	-	-	385,823
Investment income	2,052	-	-	2,052
Total income	10,424,376	-	817,434	11,241,810
Expenditure				
Raising funds	338,479	-	-	338,479
Charitable activities	10,293,937	-	602,284	10,896,221
Total expenditure	10,632,416	-	602,284	11,234,700
Net (expenditure)/ income before theatre tax credit and transfers	(208,040)	-	215,150	7,110
Theatre tax credit	603,081	-	-	603,081
Net income before transfers	395,041	-	215,150	610,191
<i>Gross transfers between funds:</i>				
Release of capital grants	116,302	(116,302)		
Theatre tax credit	(603,081)	603,081	-	-
Net movement in funds	(91,738)	486,779	215,150	610,191

**Notes to the accounts
at 31 March 2017**

6. Income

a) Donations

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Scottish Government Revenue Grant	8,000,000	8,247,000	8,000,000	8,247,000
Scottish Government International Touring Fund	-	110,000	-	110,000
Scottish Local Authorities	6,125	24,500	6,125	24,500
Cross Border Touring Grant	242,046	243,160	242,046	243,160
Heritage Lottery Fund	-	34,787	-	-
Gifts in kind	16,440	20,357	16,440	20,357
Friends of Scottish Opera	87,237	88,673	87,237	88,673
Fundraising for Theatre Royal	374,860	374,404	-	-
Fundraising for core activities	493,465	545,271	493,465	545,271
	<u>9,220,173</u>	<u>9,688,152</u>	<u>8,845,313</u>	<u>9,278,961</u>

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

b) Charitable activities

Group and Company

	2017 £	2016 £
Main scale productions and concerts	2,007,303	1,242,533
Small and medium scale touring	41,468	54,310
Education	418,578	278,131
	<u>2,467,349</u>	<u>1,574,974</u>

The restricted income of £744,013 (2016: £375,601) represents funding from Companies, Trusts and private individuals.

Notes to the accounts
at 31 March 2017

6. Income (cont'd)

c) Other trading income

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Set and costume construction and hire	222,053	199,943	222,053	199,943
Programmes and advertising	70,138	40,066	70,138	40,066
Surplus on disposal of fixed assets	13,350	-	13,350	-
Subsidiary trading income	293,865	293,488	-	-
Other income	69,013	131,178	126,839	145,814
Ticket levy income	53,002	-	-	-
	<u>721,421</u>	<u>664,675</u>	<u>432,380</u>	<u>385,823</u>

7. Expenditure

Group

	Staff Costs £	Depreciation £	Other costs £	2017 Total £	2016 Total £
Raising funds					
Fundraising costs	290,174	-	66,420	356,594	338,479
Subsidiary trading costs	120,815	7,888	276,207	404,910	354,465
	<u>410,989</u>	<u>7,888</u>	<u>342,627</u>	<u>761,504</u>	<u>692,944</u>
Charitable activities					
Main scale productions and concerts					
Basic staff costs	2,957,077	-	-	2,957,077	2,976,777
Design, construction and rehearsal costs	477,211	-	1,538,946	2,016,157	1,679,555
Performing costs	403,397	-	2,092,894	2,496,291	2,030,439
Theatre rentals	-	-	494,668	494,668	447,708
Marketing	370,865	-	454,544	825,409	691,496
	<u>4,208,550</u>	<u>-</u>	<u>4,581,052</u>	<u>8,789,602</u>	<u>7,825,975</u>
Small and medium scale touring	43,909	-	418,403	462,312	397,432
Education	218,445	-	515,672	734,117	688,185
Support costs (note 8)	561,796	647,947	1,266,988	2,476,731	2,326,773
	<u>5,032,700</u>	<u>647,947</u>	<u>6,782,115</u>	<u>12,462,762</u>	<u>11,238,365</u>

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
at 31 March 2017

7. Expenditure (cont'd)

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

	2017	2016
	£	£
Design, construction and rehearsal costs	1,653,330	959,796

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.

Company

	Staff Costs £	Depreciation £	Other costs £	2017 Total £	2016 Total £
Raising funds					
Fundraising costs	290,174	-	66,420	356,594	338,479
Charitable activities					
Main scale productions and concerts					
Basic staff costs	2,957,077	-	-	2,957,077	2,976,777
Design, construction and rehearsal costs	477,211	-	1,538,946	2,016,157	1,679,555
Performing costs	403,397	-	2,242,701	2,646,098	2,093,449
Theatre rentals	-	-	494,668	494,668	447,708
Marketing	370,865	-	454,544	825,409	691,496
	4,208,550	-	4,730,859	8,939,409	7,888,985
Small and medium scale touring	43,909	-	418,403	462,312	397,432
Education	218,445	-	515,672	734,117	688,185
Support costs (note 8)	561,796	269,911	1,141,078	1,972,785	1,921,619
Total expenditure	5,032,700	269,911	6,806,012	12,108,623	10,896,221

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

	2017	2016
	£	£
Design, construction and rehearsal costs	1,653,330	959,796

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 2017**

8. Support costs

<i>Group</i>	Main scale productions and concerts £	Small and medium scale touring £	Education £	2017 Total £	2016 Total £
Staff costs	494,487	26,009	41,300	561,796	555,023
Depreciation	570,317	29,997	47,633	647,947	631,077
Property and telecommunication costs	467,294	24,579	39,029	530,902	591,334
Transport and travel costs	62,267	3,275	5,201	70,743	108,454
IT costs	109,307	5,749	9,129	124,185	95,052
Other repairs and renewals	72,479	3,812	6,054	82,345	78,893
Other costs	380,949	20,037	31,817	432,803	244,303
Governance costs	22,894	1,204	1,912	26,010	22,637
Total support costs	2,179,994	114,662	182,075	2,476,731	2,326,773

<i>Company</i>	Main scale productions and concerts £	Small and medium scale touring £	Education £	2017 Total £	2016 Total £
Staff costs	495,482	25,624	40,690	561,796	555,023
Depreciation	238,051	12,311	19,549	269,911	253,710
Property and telecommunications costs	468,234	24,216	38,452	530,902	591,334
Transport and travel costs	62,392	3,227	5,124	70,743	108,454
IT costs	109,526	5,665	8,994	124,185	95,052
Other repairs and renewals	72,625	3,756	5,964	82,345	78,893
Other costs	270,668	13,997	22,228	306,893	216,516
Governance costs	22,940	1,186	1,884	26,010	22,637
Total support costs	1,739,918	89,982	142,885	1,972,785	1,921,619

Support costs have been apportioned in line with the level of direct expenditure incurred by each activity.

**Notes to the accounts
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9. Expenditure – other disclosures

<i>Group and Company</i>	2017 £	2016 £
Charitable expenditure includes:		
Fees payable to auditor	20,000	19,500
-audit services (company 2017 - £16,500, 2016 - £16,000)		
Depreciation:		
-owned assets (company 2017 - £269,911, 2016 - £253,710)	647,947	631,077
Operating lease rentals		
-land and buildings	99,250	95,000
-other	7,658	16,477
	<u> </u>	<u> </u>

10. Interest payable and similar charges

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loan interest	53,032	16,460	7,814	16,460
Other interest and charges	17,475	18,787	17,475	18,787
Unwinding of the discount factor (interest charge) (note 19)	59,037	27,787	-	-
	<u>129,544</u>	<u>63,034</u>	<u>25,289</u>	<u>35,247</u>

**Notes to the accounts
at 31 March 2017**

11. Staff costs

a) Group	2017 £	2016 £
Wages	3,583,494	3,581,066
Social security costs	474,842	457,727
Pension costs	323,599	327,171
	<u>4,381,935</u>	<u>4,365,964</u>

In addition costs have been incurred in the year totalling £1,508,177 (2016 - £1,491,714) in respect of non- permanent and temporary staff.

	2017 No.	2016 No.
The average number of employees in the year was	148	148

The staff costs detailed in note 7 contain an element of costs brought forward from previous years relating to projects undertaken in the year ended 31 March 2017.

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

	2017 No.	2016 No.
£60,000 - £69,999	1	-
£110,000 - £119,999	1	1

For employees in the above bandings, contributions of £21,151 (2016 - £8,972) were made during the year for the provision of money purchase pension benefits.

Notes to the accounts
at 31 March 2017

11. Staff costs (cont'd)

b) Company

	2017 £	2016 £
Wages	3,476,675	3,490,741
Social security costs	466,589	447,727
Pension costs	317,856	322,644
	<u>4,261,120</u>	<u>4,261,112</u>

In addition costs have been incurred in the year totalling £1,508,177 (2016 - £1,491,714) in respect of non- permanent and temporary staff.

	2017 No.	2016 No.
The average number of employees in the year was	144	145

The staff costs detailed in note 7 contain an element of costs brought forward from previous years relating to projects undertaken in the year ended 31 March 2017.

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

	2017 No.	2016 No.
£60,000 - £69,999	1	-
£110,000 - £119,999	<u>1</u>	<u>1</u>

For employees in the above bandings, contributions of £21,151 (2016 - £8,972) were made during the year for the provision of money purchase pension benefits.

b) Directors' emoluments – Group and Company	2017 £	2016 £
Emoluments	<u>112,151</u>	<u>112,151</u>
Company contributions paid to pension schemes	<u>16,472</u>	<u>8,972</u>

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

Expenses reimbursed to directors for travel and accommodation in the year totalled group £23,896, company £23,896 (2016 – group £19,958, company £19,958).

The directors' 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 2017**

11. Staff costs (cont'd)

c) Key management personnel – Group and Company

Key management personnel comprises the General Director, Music Director, Director of Finance, Director of Planning, Director of Marketing & Communications, Technical Director, Director of Outreach and Education and Director of Fundraising who received emoluments of £473,413 (2016: £445,776) and pension contributions of £42,172 (2016: £33,040).

12. 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 2016	31,615,573	86,999	691,935	255,465	205,369	281,437	33,136,778
Additions	33,659	181,308	31,188	35,108	3,693	101,550	386,506
Disposals	-	-	(89,845)	-	(180,274)	(99,839)	(369,958)
Transfer	8,885	(8,885)	-	-	-	-	-
At 31 March 2017	<u>31,658,117</u>	<u>259,422</u>	<u>633,278</u>	<u>290,573</u>	<u>28,788</u>	<u>283,148</u>	<u>33,153,326</u>
Aggregate depreciation:							
At 1 April 2016	11,590,097	82,932	594,680	255,465	204,133	270,870	12,998,177
Additions	547,585	24,328	37,967	11,088	(1,531)	36,398	655,835
Disposals	-	-	(89,845)	-	(180,274)	(99,839)	(369,958)
Transfer	2,590	(2,590)	-	-	-	-	-
At 31 March 2017	<u>12,140,272</u>	<u>104,670</u>	<u>542,802</u>	<u>266,553</u>	<u>22,328</u>	<u>207,429</u>	<u>13,284,054</u>
Net book value:							
At 31 March 2017	<u>19,517,845</u>	<u>154,752</u>	<u>90,476</u>	<u>24,020</u>	<u>6,460</u>	<u>75,719</u>	<u>19,869,272</u>
At 31 March 2016	<u>20,025,476</u>	<u>4,067</u>	<u>97,255</u>	<u>-</u>	<u>1,236</u>	<u>10,567</u>	<u>20,138,601</u>

Included in Freehold land and buildings is land with a net book value of £132,800 (2016: £132,800) which is not depreciated in line with the accounting policy.

The net book value of assets held under hire purchase contracts included above, are as follows:

	2017 £	2016 £
Motor vehicles	<u>23,662</u>	<u>-</u>

**Notes to the accounts
at 31 March 2017**

12. Fixed assets (continued)

Company

	Freehold land and buildings £	Leasehold improve- ments £	Stage machinery and electrical equipment £	Musical instruments £	Office equipment £	Motor vehicles £	Total £
Cost:							
At 1 April 2016	4,229,828	86,999	691,935	255,465	205,369	281,437	5,751,033
Additions	-	181,308	31,188	35,108	3,693	70,000	321,297
Disposals	-	-	(89,845)	-	(180,274)	(99,839)	(369,958)
Transfer	8,885	(8,885)	-	-	-	-	-
At 31 March 2017	4,238,713	259,422	633,278	290,573	28,788	251,598	5,702,372
Aggregate depreciation:							
At 1 April 2016	2,840,354	82,932	594,680	255,465	204,133	270,870	4,248,434
Additions	169,549	24,328	37,967	11,088	(1,531)	28,510	269,911
Disposals	-	-	(89,945)	-	(180,274)	(99,839)	(369,958)
Transfer	2,590	(2,590)	-	-	-	-	-
At 31 March 2017	3,012,493	104,670	542,802	266,553	22,328	199,541	4,148,387
Net book value:							
At 31 March 2017	1,226,220	154,752	90,476	24,020	6,460	52,057	1,553,985
At 31 March 2016	1,389,474	4,067	97,255	-	1,236	10,567	1,502,599

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Notes to the accounts
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13. Investments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Investment in subsidiary undertakings at cost	-	-	1,012	1,012

<i>Name of subsidiary undertaking</i>	<i>Country of Registration</i>	<i>Class of shares held</i>	<i>Percentage holding</i>
Scottish Opera Theatre Royal Limited	Scotland	Ordinary £1	100%
Scottish Opera Services Limited	Scotland	Ordinary £1	100%
Edington Productions Limited	Scotland	Ordinary £1	100%

	<i>Assets £</i>	<i>Liabilities £</i>	<i>Share Capital and Reserves £</i>	<i>Principal Activity</i>
Scottish Opera Theatre Royal Limited (Registered no: SC055506 Charity no: SC014382)	18,363,001	(4,232,092)	14,130,909	Ownership of Theatre Royal
Scottish Opera Services Limited (Registered no: SC223296)	144,868	(144,866)	2	Supply of transport services
Edington Productions Limited (Registered no: SC484377)	10	-	10	Production company

	<i>Income £</i>	<i>Expenditure £</i>	<i>Net expenditure £</i>
Scottish Opera Theatre Royal Limited	439,797	(523,010)	(83,213)
Scottish Opera Services Limited	443,672	(443,672)	-
Edington Productions Limited	-	-	-

Edington Productions Limited was incorporated on 14 August 2014 and has not traded in the year.

**Notes to the accounts
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14. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	249,340	265,244	201,430	163,555
Other debtors	184,343	82,686	184,343	82,686
Other taxes	166,581	193,444	166,519	101,797
Future productions expenditure	255,679	905,586	637,045	905,586
Prepayments and accrued income	251,138	91,670	239,242	85,860
Amount due from subsidiaries	-	-	65,339	111,003
Theatre tax credit	735,048	603,081	735,048	603,081
	<u>2,228,036</u>	<u>2,141,711</u>	<u>2,228,966</u>	<u>2,053,568</u>

Included in future production expenditure are amounts of £227,880 (2016: £280,569) due after more than one year.

Trade debtors for the group and company is shown net of the bad debt provision of £17,466 (2016: £17,466). Movements in the bad debt provision are included within support costs.

15. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	268,378	2,329,120	188,506	1,434,112
Bank overdraft (note 16)	-	(711,408)	-	(711,408)
	<u>268,378</u>	<u>1,617,712</u>	<u>188,506</u>	<u>722,704</u>

16. Creditors: amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank overdraft (note 15)	-	711,408	-	711,408
Trade creditors	343,778	235,519	334,129	187,883
Other taxes and social security costs	143,092	115,418	131,967	111,462
Accruals and other obligations	531,639	1,358,667	505,250	482,500
Loans (note 19)	161,417	415,797	18,726	178,434
Debentures (note 17)	75,000	75,000	-	-
Debenture premium (note 17)	56,725	56,725	-	-
Retention creditor	50,000	195,707	-	-
Hire purchase creditor (note 20)	7,860	-	-	-
	<u>1,369,511</u>	<u>3,164,241</u>	<u>990,072</u>	<u>1,671,687</u>

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

**Notes to the accounts
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17. Debentures

Debentures:	Group 2017	Group 2016
	£	£
Debentures of £25,000 each	75,000	75,000

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 2017	Group 2016
	£	£
Premium arising at 1 January 1985	18,750	18,750
Premium arising at 1 January 1985	18,750	18,750
Premiums accruing up to 1 January 1995	37,500	37,500
Premium accruing from 1 January 1995:		
As at 1 April	19,225	19,225
Accrued during the year	-	-
As at 31 March	19,225	19,225
Total premium accrued at 31 March	56,725	56,725

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

18. Creditors: amounts falling due after more than one year

	Group 2017	Group 2016	Company 2017	Company 2016
	£	£	£	£
Loans (note 19)	3,883,133	4,285,145	9,289	365,010
Hire purchase creditor (note 20)	17,695	-	-	-
	3,900,828	4,285,145	9,289	365,010

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19. Other loans

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
£750,000 bank loan at 2% above base rate, repayable in monthly instalments commencing 18 July 2016	-	498,029	-	498,029
£150,000 bank loan at 3.1 % above base rate, repayable in monthly instalments commencing 18 May 2009	28,015	45,415	28,015	45,415
£4,000,000 loan at 0.5%, repayable in annual instalments	3,057,470	3,158,508	-	-
£1,000,000 loan at 2.47%, repayable in annual instalments	959,065	998,990	-	-
Less: Included in creditors: amounts falling due within one year (note 16)	(161,417)	(415,797)	(18,726)	(178,434)
	<u>3,883,133</u>	<u>4,285,145</u>	<u>9,289</u>	<u>365,010</u>
	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Amounts repayable:				
In one year or less (note 16)	161,417	415,797	18,726	178,434
Between one and two years	153,751	408,307	9,289	178,434
Between two and five years	444,462	833,470	-	186,576
In more than five years	3,284,920	3,043,368	-	-
	<u>3,904,550</u>	<u>4,700,942</u>	<u>28,015</u>	<u>543,444</u>

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

Notes to the accounts
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19. Other loans (cont'd)

Group

The interest rate applied to the group loans are not market rates of interest. In accordance with FRS 102, the loans have been discounted to the net present value of the future cash flows using a market rate of interest for a similar debt instrument. The total net present value of the future cash flows at 31 March 2017 is £4,016,535.

	2017 £	2016 £
Provision at 1 April	4,157,498	-
Inclusion of liability	-	5,000,000
Discounting to net present value of future cash flows	-	(870,289)
Unwinding of the discount factor (interest charge) (note 10)	59,037	27,787
Payment	(200,000)	-
Provision at 31 March	<u>4,016,535</u>	<u>4,157,498</u>

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Not later than one year	7,860	-	-	-
Later than one year and not later than five years	<u>17,695</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>25,555</u>	<u>-</u>	<u>-</u>	<u>-</u>

21. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Cash at bank and in hand	268,378	2,329,120	188,506	1,434,112
Financial assets measured at amortised cost	<u>450,120</u>	<u>353,780</u>	<u>451,112</u>	<u>357,244</u>
	<u>718,498</u>	<u>2,682,900</u>	<u>639,618</u>	<u>1,791,356</u>
Financial liabilities				
Bank overdraft	-	(711,408)	-	(711,408)
Financial liabilities measured at amortised cost	<u>(5,127,247)</u>	<u>(6,622,560)</u>	<u>(867,394)</u>	<u>(1,213,827)</u>
	<u>(5,127,247)</u>	<u>(7,333,968)</u>	<u>(867,394)</u>	<u>(1,925,235)</u>

Notes to the accounts
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21. Financial instruments (continued)

Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts due from parent undertaking and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and other obligations, loans, debentures, debenture premiums, retention creditor and hire purchase creditor.

22. Designated funds

The designated funds consist of income 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.

The board have decided that the Theatre tax credit will be designated against future new productions.

The impact of discounting the new loans to the net present value of the future cash flows and the subsequent unwinding of the discount factor has been included within designated funds.

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23. Funds

Group

	As at 31 March 2016 £	Income £	Expenditure £	Theatre tax credit £	Transfers £	As at 31 March 2017 £
Restricted Funds						
Advance Funding	13,638,780	595,906	(863,242)	-	-	13,371,444
Fundraising	61,500	831,250	(767,100)	-	-	125,650
	<u>13,700,280</u>	<u>1,427,156</u>	<u>(1,630,342)</u>	<u>-</u>	<u>-</u>	<u>13,497,094</u>
Unrestricted Funds – General	841,848	10,997,162	(11,534,857)	735,219	16,302	1,055,674
Unrestricted Funds - Designated						
Capital grants and donations	723,360	-	-	-	(116,302)	607,058
Theatre tax credit	1,052,056	-	-	-	100,000	1,152,056
Discounting of loans	842,502	-	(59,037)	-	-	783,465
	<u>2,617,918</u>	<u>-</u>	<u>(59,037)</u>	<u>-</u>	<u>(16,302)</u>	<u>2,542,579</u>
	<u>17,160,046</u>	<u>12,424,318</u>	<u>(13,224,236)</u>	<u>735,219</u>	<u>-</u>	<u>17,095,347</u>

Company

	As at 31 March 2016 £	Income £	Expenditure £	Theatre tax credit £	Transfers £	As at 31 March 2017 £
Restricted Funds						
Advance Funding	268,160	242,046	(485,206)	-	-	25,000
Fundraising	61,500	831,250	(767,100)	-	-	125,650
	<u>329,660</u>	<u>1,073,296</u>	<u>(1,252,306)</u>	<u>-</u>	<u>-</u>	<u>150,650</u>
Unrestricted Funds - General	849,518	10,675,216	(11,212,911)	735,219	16,302	1,063,344
Unrestricted Funds - Designated						
Capital grants and donations	723,360	-	-	-	(116,302)	607,058
Theatre tax credit	1,052,056	-	-	-	100,000	1,152,056
	<u>1,775,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,302)</u>	<u>1,759,114</u>
	<u>2,954,594</u>	<u>11,748,512</u>	<u>(12,465,217)</u>	<u>735,219</u>	<u>-</u>	<u>2,973,108</u>

Notes to the accounts
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23. Funds (cont'd)

Advance Funding

This contains monies received from public funds for projects in future years. This includes support for future offshore touring, and 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 and education projects.

Designated Funds

See note 22 above.

Funds transfers

The transfer of funds between general and designated funds represents the annual release of capital grants in line with accounting policies and the transfer of the theatre tax credit receivable from the general fund to the designated fund.

24. Analysis of funds among net assets

Group

	Total	Unrestricted funds		Restricted
	£	General	Designated	Funds
		£	£	£
Fixed assets	19,869,272	971,601	607,058	18,290,613
Current assets	2,496,414	1,131,002	1,152,056	213,356
Current liabilities	(1,369,511)	(1,019,945)	-	(349,566)
Long term liabilities	(3,900,828)	(26,984)	783,465	(4,657,309)
Total	17,095,347	1,055,674	2,542,579	13,497,094

Company

	Total	Unrestricted funds		Restricted
	£	General	Designated	funds
		£	£	£
Fixed assets	1,554,997	947,939	607,058	-
Current assets	2,417,472	1,114,766	1,152,056	150,650
Current liabilities	(990,072)	(990,072)	-	-
Long term liabilities	(9,289)	(9,289)	-	-
Total	2,973,108	1,063,344	1,759,114	150,650

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25. Obligations under operating leases

Commitments under non-cancellable operating leases are as follows:

	2017 Land & Buildings £	2017 Other £	2016 Land & Buildings £	2016 Other £
<i>Group and company</i>				
Operating leases which expire:				
Not later than one year	133,474	2,851	99,250	6,817
Later than one year and not later than five years	336,922	3,897	288,500	-
Later than five years	270,000	-	315,000	-
	<u>740,396</u>	<u>6,748</u>	<u>702,750</u>	<u>6,817</u>

26. 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.

27. Cash flow statement notes

Net cash (used in)/provided by operating activities

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Net income/(expenditure) on ordinary activities	213,826	(91,738)	213,826	(91,738)
Net (expenditure)/income in restricted and designated funds	(278,525)	1,576,255	(195,312)	610,191
Interest receivable	(3,470)	(2,052)	(3,470)	(2,052)
Interest payable	70,507	35,247	25,289	35,247
Depreciation	655,835	631,077	269,911	253,710
Profit on disposal of assets	(13,350)	-	(13,350)	-
(Increase)/decrease in debtors	(86,325)	(57,082)	(175,398)	3,130,141
Decrease(increase) in creditors	(836,801)	171,023	189,501	(365,268)
Discounting loans to net present value of future cash flows	-	(870,289)	-	-
Unwinding of the discount factor (interest charge)	59,037	27,787	-	-
	<u>(219,266)</u>	<u>1,420,228</u>	<u>310,997</u>	<u>3,661,969</u>

**Notes to the accounts
at 31 March 2017**

28. Commitments

The group/company is committed to contracts with guest artistes, etc. and other costs in connection with future productions in the sum of £1,006,584 (2016 - £709,240) of which £779,245 relates to the year to 31 March 2018 and £227,339 relates to later years. These amounts have not been included in the accounts.

29. Pension commitments

The group operates a number of defined contribution pension schemes. Contributions are charged to the Statement of Financial Activities 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 £323,599 for the group and £317,856 for the company (2016 - £327,171 and £322,644 respectively). At 31 March 2017 contributions amounting to £42,067 (2016: £52,266) were payable to the funds. This amount is included within accruals and other obligations.

30. Contingent liabilities

There are contingent liabilities totalling £7,393,796 (2016 - £7,393,796) for the group and £2,336,796 (2016 - £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/or its successor, and The Royal Bank of Scotland PLC over the technical centre at Edington Street, Glasgow.

31. Related party transactions

The company has taken advantage of the exemption granted by FRS 102 not to disclose transactions with the other group companies.