



## **Scottish Opera (Limited by Guarantee)**

### **Report and Accounts**

31 March 2015



**Scottish Opera**  
(Limited by Guarantee)

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Registered No: SC037531

**Company Information**

**Directors**

Peter Lawson	(Chair)
Shields Henderson	(Vice chair)
John McCormick	(Vice chair)
Anthony Burton OBE	
Sir John Elvidge	
Dominic Fry	
Trevor Hatton	
Andrew Lockyer	
Colin McCallum	
Dorothy Miell	
Stuart Patrick	
Alex Reedijk	(General Director)

**Secretary**

Judith Patrickson FCA DChA

**Auditor**

Scott-Moncrieff  
25 Bothwell Street  
Glasgow  
G2 6NL

**Bankers**

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

**Solicitors**

Maclay Murray & Spens  
1 George Square  
Glasgow  
G2 1AL

MacRoberts  
Capella  
60 York Street  
Glasgow  
G2 8JX

**Registered office**

39 Elmbank Crescent  
Glasgow  
G2 4PT

## **Chair's statement**

I began my term as Chair of Scottish Opera during this financial year and it is with great pleasure that I present, on behalf of the Board of Scottish Opera, my first Chair's Statement.

Each year, I am impressed by the sheer reach and ambition of the Company. In this financial year alone: the range and variety of opera performed; the geographic spread achieved to bring audiences all over Scotland the delights of live opera; the commitment to championing new work; and the wide age range appealed to as we seek to ignite and sustain interest in opera.

I'm proud to say that the Company consistently reaches the highest artistic standards. Each production is delivered by a talented collection of artists, musicians, artisans and staff who support our commitment to sharing the art form we love, to entertain, inspire and delight our audience. And we continue in our duty of investing for the future in home-grown talent, whether by presenting the work of contemporary composers such as Sir James McMillan, or helping artists at the other end of the career ladder through our Emerging Artists programme.

Scottish Opera remains financially stable, completing this financial year with appropriate reserves, as we have for the last 9 years.

My thanks, as always, to the Scottish Government for their continued role as our major supporter through their commitment to core funding, and in particular to Fiona Hyslop, Cabinet Secretary for Culture and External Affairs, and her team in the Culture Division for their enthusiasm for and dedicated support of the Company.

We are grateful for the continued goodwill and the assistance received from Glasgow City Council and Aberdeen City Council. We are indebted to our many other supporters: the trusts, foundations, businesses, and individual donors who have continued to give their support to the Company this year. I would also like to recognise the Company's huge achievement in opening the stunning and spacious new foyers of Theatre Royal Glasgow, and offer my sincere thanks to the Theatre Royal Board for their stewardship of the project and the many supporters whose financial contribution has enabled this project to come to fruition.

The Board continues to meet quarterly, supported by more frequent meetings of the Finance and General Purpose Committee. During this year, a number of directors came to the end of their terms: Colin McClatchie (Chair), Elisabeth Kerr (Vice Chair), Elish Angiolini, Rona Mackie Black and John Mulgrew. Colin McClatchie and Elish Angiolini became Vice Presidents of the Company. We welcomed Andrew Lockyer, and Stuart Patrick to the Board. I thank all the directors for their support and for the commitment, experience and enthusiasm they lend to guiding the Company.

And last but not least, I take this opportunity personally and on behalf of my fellow directors to thank Alex Reedijk and the staff of the Company for their hard work and loyalty which have enabled Scottish Opera to enjoy another successful year.

Peter Lawson  
Chairman

## **General Director's report**

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

This was an exciting year for the Company as it continued to present a varied and dramatic Season of work while completing the ambitious transformation of Theatre Royal Glasgow.

Over the course of this financial year, despite a period during which our rehearsing and performing home was closed, Scottish Opera presented five wonderful operas in Scotland. We gave 55 mainstage opera performances between Glasgow, Edinburgh, Aberdeen, Inverness and Belfast, including 13 performances of Opera Unwrapped. In addition, we gave two performances with chamber orchestra at Edinburgh's King's Theatre. And our unique approach to serving our audience meant that we also travelled over 4000 miles, to 32 communities throughout Scotland, with smaller scale opera tailored to the size of the individual venues, and delivered education projects both within the UK and abroad.

We firmly believe that this high level and wide spread of opera activity is welcomed by our audience and helps us to clearly meet our core charitable aims and objectives. In addition, I am pleased to report that 93% of our total income is being utilised to directly deliver opera throughout Scotland.

Theatre Royal's new foyers were opened to the public in December 2014, a significant milestone for the Company which was marked in March 2015 with an official opening by Scottish Opera's Patron, Her Royal Highness The Duchess of Gloucester, and a Variety Performance which celebrated the theatre's heritage.

In April 2014, we were delighted that world-renowned baritone and opera director Sir Thomas Allen joined the Company as Music Adviser, to give high level strategic and artistic guidance while we continued the process of recruiting a new Music Director (a process which was completed with the appointment of Stuart Stratford in May 2015). During the year we drew up a shortlist, met with and began the trialling of candidates, seeking an individual with the potential to uphold the strong artistic and musical values of the Company.

Although mainstage opera attendance in Scotland fell by 15% compared to a very strong year in 2013/14, touring attendance was up by 7%. 8% of our audience is under 26 – a testament to the growth and strength of the Under 26 £10 Ticket which has seen over 28,000 attendances since the scheme's inception in 2006. Our autumn tour of Macbeth saw the strongest under 26 attendance of any small scale tour to date - 14% of the audience. We continue to work hard to develop and sustain new audiences, and this commitment saw us take 47 'pop-up' taster performances of our mainstage shows, in the form of A Little Bit of..., to unexpected places, including Balmoral Castle, a wind farm, Yorkhill Hospital and the new Queens Park bandstand, reaching over 2,800 people.

We have benefited from many successful collaborations over the years and this year was no exception. We renewed our co-producing relationship with Opera National du Rhin and embarked on two interesting new collaborative projects. In May 2014, we took part in Inside Opera: Live an online event offering digital access behind the scenes of the opera being created and performed across the country. This was the first time that all seven UK opera companies had come together on a project and we worked with English National Opera, English Touring Opera, Northern Ireland Opera, Opera North, The Royal Opera, and Welsh National Opera. In August, Glasgow hosted the Commonwealth Games and Scottish Opera contributed to Festival 2014, the cultural programme of the Games, leading an ambitious international project involving Calgary Opera, Cape Town Opera, The Maitisong festival, Botswana, The Yuva Ekta Foundation, India, New Zealand Opera, and The Maryhill Integration Network, Glasgow.

The Company was nominated for two Royal Philharmonic Society Awards: for the education team's Breath Cycle project in the Learning and Participation category; and for the 50 Venues for 50 Years Tour in the Audiences and Engagement category.

## **General Director's report**

We remain Scotland's largest professional performing arts organisation. Scottish Opera provided contracts for services for over 580 people in the year, including contract artists, musicians, artisans and other professionals while retaining a core staff of 149 full time equivalent employees.

Whilst the Company remains stable and solvent and retains an appropriate level of reserves in line with the Company's policy, we are not immune to the reality of the current economic climate. Within this financial year, the five National Performing Companies were invited by the Scottish Government to find in-year savings. Standstill funding from the Scottish Government is factored into the 2015/16 Financial Year.

The longer-term future poses a greater challenge as we seek to sustain a vibrant opera company in Scotland for the 21st century. This will require a continued and robust examination of our operating model along with increasingly imaginative funding initiatives as we strive to create as much opera as efficiently as possible for our audiences here in Scotland

### **Scottish Opera Performances**

Between April 2014 and March 2015 we presented four mainstage operas – all carefully chosen to give our audiences a "balanced basket" of work.

In Spring 2014, the Company performed Puccini's *Madama Butterfly*, a hugely popular revival of Sir David McVicar's classic, stylish 2000 production. This production was conducted by Marco Guidarini, with Hye-Youn Lee and Anne Sophie Duprels sharing the title role and both giving outstanding performances. Unusually, due to the temporary closure of Theatre Royal for extensive building work, the production opened at the Festival Theatre Edinburgh, before touring to Glasgow, Inverness and Aberdeen, returning for further performances during Glasgow's hosting of the 2014 Commonwealth Games.

In the Autumn of 2014, the new Season began with production of Rossini's *La Cenerentola*, in a quirky new co-production with Opera National du Rhin, directed by Sandrine Anglade and conducted by William Lacey. Russian mezzo-soprano Victoria Yarovaya gave a stunning performance in the role of Angelina, superbly supported by the comic talents of Rebecca Bottone, Maire Flavin and Richard Burkhard.

A very busy Spring season began in January, when Scottish audiences were given a rare chance to see composer James MacMillan's visceral *Inés de Castro* in a new production sensitively directed by Olivia Fuchs. Originally commissioned by Scottish Opera in 1996, the opera was conducted here for the first time by MacMillan himself, who also took the opportunity to make some changes to the score with the benefit of 20 years' experience as one of Scotland's foremost composers.

In February, Ashley Page, former artistic director of Scottish Ballet, brought a fresh physicality to his directing of a new production of Gluck's *Orfeo ed Euridice*, conducted by Kenneth Montgomery. Sadly, designer Johan Engels died unexpectedly shortly before rehearsals began, but his dramatic design was a striking feature of the production, incorporating a Perspex cube atmospherically lit by Mark Jonathan to conjure up the stages of Orfeo's journey to Hades and back.

During the Spring of 2014, while the Company was unable to use the Theatre Royal Glasgow, a revival of Dominic Hill's 2005 production of Verdi's *Macbeth* (which opened at the Citizens Theatre in March), continued its run with performances at The King's Theatre Edinburgh. Elisabeth Meister shone as Lady Macbeth spiralling out of control alongside David Stephenson's Macbeth, with a chamber orchestra conducted by Derek Clark.

In the autumn of 2014 this same production of Verdi's *Macbeth*, adapted for touring with piano-accompaniment, opened at Eastwood Park Theatre Giffnock, and visited 15 Scottish venues. And

## **General Director's report**

in early 2015, our ever popular *Opera Highlights* tour visited a further 17 of Scotland's smallest and most far-flung venues.

I am extremely proud that we continue to utilise a high proportion of Scottish artists: from young singers as Emerging Artists, and singers for our touring and understudy roles through to directors and designers. The high number of artists returning to work with the Company season after season is testament to the warm reception and excellent working conditions they find here.

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

The orchestra continued to enjoy good reviews for all its work both in a lyric capacity and on the concert platform. In addition to four Sunday afternoon concerts at St Andrew's in the Square, the orchestra also undertook a number of external engagements for organisations such as Dundee Choral Union, City of Glasgow Chorus, and Ayr Arts Guild.

### **Scottish Opera Education**

The education team delivered 499 workshops and performances in locations across Scotland involving over 39,000 participants with audiences totalling 42,687.

Five years' development and preparation with opera companies in other Commonwealth countries culminated in a new performance piece, *Anamchara; Songs of Friendship*, which received its World premiere at Theatre Royal Glasgow on 25 July 2014. These performances were part of Festival 2014, the cultural programme celebrating the XXth Commonwealth Games. Over 160 people were part of the final performances ranging in age from 7 to 69 years and representing a total of 14 countries. Particular thanks to the Scottish Government, Creative Scotland (Glasgow 2014) and the British Council for helping to fund this innovative project.

In October, we were proud to host the annual conference of RESEO, the European network of education specialists in opera and ballet companies, at Theatre Royal Glasgow. The conference was attended by representatives from 27 companies who came together to discuss the role arts organisations can play in major events of sporting, commemorative or cultural significance regionally and/or nationally.

A new Christmas production, specially commissioned for 3-5 year olds, *Mr MacNeep Has Lost His Sheep!*, gave a total of 33 performances across the central belt of Scotland to audiences of 2624. And in March, we launched the third in our triptych of work for Early Years audiences, *KidO*, a show specially devised for 3-4 year olds. Performances took place in Glasgow, Edinburgh, Inverness, Perth, Greenock and Fife, with a further tour scheduled for the autumn of 2015.

Our commitment to *The Memory Spinners* programme (for those living with Dementia) continues with great enthusiasm, this year with performances in Glasgow and Dundee inspired by our production of *Madama Butterfly*. Our three year project working with homeless people completed with a double bill of community operas devised and performed by singers and musicians from Scottish Opera and Lodging House Mission Glasgow.

116 schools across Scotland participated in our Primary Schools Tour. This year's show, entitled *Warriors! The Emperor's Incredible Army* (based on the famous Terracotta warriors of Xian), saw over 9,000 pupils introduced to Chinese language and history as part of the interdisciplinary learning strand of the project. *Warriors!* was produced in collaboration with, and part funded by, the five Scottish Confucius via The Han Ban association (the Chinese Government's international cultural and educational wing). The education team worked in China too, delivering a primary school project at Hong Kong's Sha Tin College (part of English Schools Foundation Network).

Our Connect Company goes from strength to strength, with over 100 young people involved in chorus and orchestra programmes.

## **General Director's report**

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

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

Particular thanks go to Lord and Lady Laidlaw and members of the Scottish Opera Syndicate, for their generous support of our major productions. We also enjoy the support of over 475 annual supporters including Patrons of the Alexander Gibson Circle, Emerging Artists Benefactors and Education Angels as well as around 1,550 Friends of Scottish Opera. We are hugely grateful for this generosity and the way this enables us to enjoy a closer relationship with our supporters.

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

Our sincere thanks go to all the businesses that support Scottish Opera, with both cash and in-kind support, and who play a key role in introducing opera to many people who attend our performances as their guests.

The overall fundraising and sponsorship raised in the financial year amounted to £999,539 (2014 £1,172,331) in cash and in kind, the 15% decrease reflecting a year in which a number of our supporters chose to support the Company through the Theatre Royal Capital Campaign rather than through revenue.

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

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

Thank you.

Alex Reedijk  
General Director

## **Directors' report**

The Directors present their Directors' report, including the Strategic Report, and accounts for the year ended 31 March 2015.

### **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)	(retired 26 September 2014)
Peter Lawson	(Chair)	
Shields Henderson	(Vice chair)	
Elisabeth Kerr	(Vice chair)	(retired 27 June 2014)
John McCormick	(Vice chair)	
Dame Elish Angiolini QC		(retired 26 September 2014)
Rona Mackie Black CBE		(retired 26 September 2014)
Anthony Burton OBE		
Sir John Elvidge		
Dominic Fry		
Trevor Hatton		
Andrew Lockyer		(appointed 26 September 2014)
Colin McCallum		
Dorothy Miell		
John Mulgrew OBE		(resigned 26 September 2014)
Stuart Patrick		(appointed 26 September 2014)
Alex Reedijk		(General Director)

### **Principal activities**

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

The principal activity of Scottish Opera Theatre Royal Ltd is the ownership of the Theatre Royal, Glasgow.

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

The principal activity of Edington Productions Ltd 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



## **Directors' report**

- 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

## **Scottish Opera's structure of corporate governance**

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

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

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

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

Under the terms of the Articles of Association, the members may appoint Directors for an initial term of 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.

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), Anthony Burton, Sir John Elvidge, Dominic Fry, Trevor Hatton, Shields Henderson, Andrew Lockyer, Colin McCallum, Dorothy Miell, Stuart Patrick and Alex Reedijk.

## **Directors' report**

The Board Sub-Committees are:

### **Finance & General Purposes Committee**

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

#### Finance

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

#### Governance

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

#### Administration

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

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

The Finance & General Purposes Committee met 7 times in the year.

The members of the Committee are:

John McCormick (Chair), Anthony Burton, Trevor Hatton, Shields Henderson, Dorothy Miell and Stuart Patrick.

### **Audit Committee**

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

The Audit Committee consists of 3 non-executive Directors. A quorum consists of any 2 from these 3 people.

The Audit Committee met twice in the year.

The members of the Committee are:

Shields Henderson (Chair), Anthony Burton, and Andrew Lockyer.

### **Nominations and Remuneration Committee**

The role of the Nominations and Remuneration Committee is:

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

The Nominations and Remuneration Committee did not meet during the year.

The Board have decided to return the duties of this committee to the full Board meeting.

## **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 financial instruments. The company's principal financial instruments comprise cash, short term deposits and borrowings.

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

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

#### **Liquidity risk**

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

#### **Interest rate risk**

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

### **Business review and future developments**

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

#### **Theatre Royal**

Overseen by the Boards of Scottish Opera Theatre Royal Limited and the parent company Scottish Opera work on the development and extension of the public spaces at Theatre Royal was completed.

A short period of closure to enable work to be done joining the new and old buildings together, which began in February 2014, ended on schedule in May 2014, allowing the theatre to continue to host performances with reduced front of house facilities while the building work continued. The building opened to the public on 16 December 2014.

The new foyer building provides greatly improved facilities, including lifts which enable disabled access throughout the theatre for the first time in its 148 year history and has seen the number of people taking up access discounts rising by over 233% in the first six months of opening. A new café, the daytime opening of the box office, and the roof terrace are proving popular, and the new foyers have been warmly received by audiences and supporters.

Now that the project is complete, negotiations with contractors towards a final project cost and settlement are underway. In anticipation of a gap between the amount raised and the final amount required, both further fundraising and financing options are being actively pursued.

#### **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 2014 which enables Scottish Opera, or one of its trading subsidiaries, to claim a corporation tax credit based on pre production expenditure. The

## **Directors' report**

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**

Work on the development and extension of the public spaces within the Theatre Royal was completed during the year. The restoration was completed prior to all of the funding being obtained which has resulted in the group having net current liabilities at the year end. The group is in the process of obtaining additional funding and finance to fund the gap. The directors are confident, based on the advice of our professional advisors involved in the Theatre Royal project, that the group can meet its liabilities as they fall due for the foreseeable future and on that basis consider it appropriate to prepare the financial statements on a going concern basis.

### **Reserves Policy**

At 31 March 2015 the group unrestricted general reserves amounted to £933,586 (2014: £977,038).

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.

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.

The policy will be reviewed annually.

### **Insurance**

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

### **External responsibilities**

Scottish Opera is supported by public funds. These were 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.

### **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

## **Directors' report**

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditor**

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

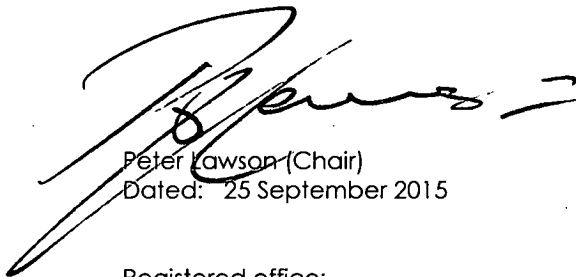
### **Directors Statement as to disclosure of information to the Auditor**

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

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

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

On behalf of the Board



Peter Lawson (Chair)  
Dated: 25 September 2015

Registered office:  
39 Elmbank Crescent  
Glasgow  
G2 4PT

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

We have audited the financial statements of Scottish Opera Limited for the year ended 31 March 2015 which comprise the consolidated and parent company's Statement of Financial Activities, the consolidated and parent company Balance Sheets, consolidated and parent company's Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made exclusively to the members, as a body, in accordance with 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 directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 11 and 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

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

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](http://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 2015 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**

### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

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

*Scott-Moncrieff*

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

Dated: *25 September 2015*

**Scottish Opera**  
(Limited by Guarantee)

**Consolidated statement of financial activities and Income and Expenditure Account**  
**for the year ended 31 March 2015**

	Notes	Unrestricted Funds General £	Designated £	Restricted Funds £	2015 Total £	2014 Total £
<b>Incoming Resources</b>						
Incoming resource from generated funds						
Voluntary income	2a	8,608,331	-	2,182,385	10,790,716	13,926,070
Activities for generating funds		650,035	-	113,700	763,735	863,003
Investment income		974	-	-	974	1,121
Incoming resources from charitable activities	2b	1,082,049	-	217,775	1,299,824	1,987,151
<b>Total incoming resources</b>		<u>10,341,389</u>	<u>-</u>	<u>2,513,860</u>	<u>12,855,249</u>	<u>16,777,345</u>
<b>Resource expended</b>						
Cost of generating funds						
Cost of generating voluntary income		47,236	-	-	47,236	47,236
Fundraising costs		332,677	-	-	332,677	343,825
Fundraising costs – subsidiary trading costs		343,304	-	-	343,304	300,087
		<u>723,217</u>	<u>-</u>	<u>-</u>	<u>723,217</u>	<u>691,148</u>
Charitable activities		9,753,400	-	844,467	10,597,867	11,391,172
Governance costs		24,526	-	-	24,526	22,334
<b>Total resources expended</b>	3/4	<u>10,501,143</u>	<u>-</u>	<u>844,467</u>	<u>11,345,610</u>	<u>12,104,654</u>
Net (outgoing)/ incoming resources before transfers, share of loss of associate and theatre tax credit		(159,754)	-	1,669,393	1,509,639	4,672,691
Share of loss of associate		-	-	-	-	(2)
Theatre tax credit	7	448,975	-	-	448,975	-
Net incoming resources before transfers		<u>289,221</u>	<u>-</u>	<u>1,669,393</u>	<u>1,958,614</u>	<u>4,672,689</u>
Gross transfers between funds:						
Release of capital grants		116,302	(116,302)	-	-	-
Transfer to designated funds		(448,975)	448,975	-	-	-
<b>Net movement in funds</b>		<u>(43,452)</u>	<u>332,673</u>	<u>1,669,393</u>	<u>1,958,614</u>	<u>4,672,689</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		977,038	955,964	11,783,913	13,716,915	9,044,226
Total funds carried forward	15/16/17	<u>933,586</u>	<u>1,288,637</u>	<u>13,453,306</u>	<u>15,675,529</u>	<u>13,716,915</u>

All incoming resources and resources expended derive from continuing activities

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

The companies included in the consolidation are Scottish Opera, Scottish Opera Theatre Royal, Scottish Opera Services Limited and Edington Productions Limited (See note 9)

The notes on pages 19 to 40 form part of these financial statements.



**Company statement of financial activities and Income and Expenditure Account**  
**for the year ended 31 March 2015**

	Notes	Unrestricted Funds General £	Designated £	Restricted Funds £	2015 Total £	2014 Total £
<b>Incoming Resources</b>						
Incoming Resource from generated funds						
Voluntary Income	2a	8,608,331	-	258,755	8,867,086	8,839,613
Activities for generating funds		469,788	-	113,700	583,488	650,906
Investment income		974	-	-	974	1,121
Incoming resources from charitable activities	2b	1,082,049	-	217,775	1,299,824	1,987,151
<b>Total incoming resources</b>		<u>10,161,142</u>	<u>-</u>	<u>590,230</u>	<u>10,751,372</u>	<u>11,478,791</u>
<b>Resource expended</b>						
Cost of generating funds						
Cost of generating voluntary income		47,236	-	-	47,236	47,236
Fundraising costs		332,677	-	-	332,677	343,825
		<u>379,913</u>	<u>-</u>	<u>-</u>	<u>379,913</u>	<u>391,061</u>
Charitable activities		9,910,616	-	844,467	10,755,083	11,479,192
Governance costs		24,526	-	-	24,526	22,334
<b>Total resources expended</b>	3/4	<u>10,315,055</u>	<u>-</u>	<u>844,467</u>	<u>11,159,522</u>	<u>11,892,587</u>
Net (outgoing) resources before theatre tax credit and transfers		(153,913)	-	(254,237)	(408,150)	(413,796)
Theatre tax credit	7	<u>448,975</u>	<u>-</u>	<u>-</u>	<u>448,975</u>	<u>-</u>
Net incoming/(outgoing) resources before transfers		295,062	-	(254,237)	40,825	(413,796)
Gross transfers between funds:						
Release of capital grants		116,302	(116,302)	-	-	-
Theatre tax credit		<u>(448,975)</u>	<u>448,975</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net movement in funds</b>		<u>(37,611)</u>	<u>332,673</u>	<u>(254,237)</u>	<u>40,825</u>	<u>(413,796)</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		<u>978,867</u>	<u>955,964</u>	<u>368,747</u>	<u>2,303,578</u>	<u>2,717,374</u>
Total funds carried forward	15/16/17	<u>941,256</u>	<u>1,288,637</u>	<u>114,510</u>	<u>2,344,403</u>	<u>2,303,578</u>

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

The notes on pages 19 to 40 form part of these financial statements

**Balance sheets**  
**at 31 March 2015**

	Notes	Group 2015 £	2014 £	Company 2015 £	2014 £
<b>Fixed assets</b>					
Tangible assets	8	18,835,817	11,477,681	1,744,586	1,889,381
Investments	9	-	-	1,012	1,504
		<u>18,835,817</u>	<u>11,477,681</u>	<u>1,745,598</u>	<u>1,890,885</u>
<b>Current assets</b>					
Debtors	10	2,084,629	2,148,795	5,183,709	1,203,174
Cash at bank and in hand		143,962	2,277,676	85,076	66,094
		<u>2,228,591</u>	<u>4,426,471</u>	<u>5,268,785</u>	<u>1,269,268</u>
<b>Creditors:</b> amounts falling due within one year	11	(4,861,891)	(2,127,148)	(4,142,992)	(796,957)
<b>Net current (liabilities)/assets</b>		<u>(2,633,300)</u>	<u>2,299,323</u>	<u>1,125,793</u>	<u>472,311</u>
<b>Total assets less current liabilities</b>		<u>16,202,517</u>	<u>13,777,004</u>	<u>2,871,391</u>	<u>2,363,196</u>
<b>Creditors:</b> amounts falling due after more than one year					
Other loans	14	(526,988)	(59,618)	(526,988)	(59,618)
<b>Minority interests</b>		-	(471)	-	-
		<u>(526,988)</u>	<u>(60,089)</u>	<u>(526,988)</u>	<u>(59,618)</u>
<b>Total assets less liabilities</b>		<u>15,675,529</u>	<u>13,716,915</u>	<u>2,344,403</u>	<u>2,303,578</u>
<b>Funds</b>					
Unrestricted funds:					
- Designated	15,16	1,288,637	955,964	1,288,637	955,964
- General	16	933,586	977,038	941,256	978,867
		<u>2,222,223</u>	<u>1,933,002</u>	<u>2,229,893</u>	<u>1,934,831</u>
Restricted funds	16	13,453,306	11,783,913	114,510	368,747
	16,17	<u>15,675,529</u>	<u>13,716,915</u>	<u>2,344,403</u>	<u>2,303,578</u>

The financial statements were approved and authorised for issue by the board of directors on 25 September 2015 and signed on its behalf by:

Peter Lawson

Chair

The notes on pages 19 to 40 form part of these financial statements

**Scottish Opera**  
(Limited by Guarantee)

**Consolidated and Company cash flow statement  
for the year ended 31 March 2015**

		Group		Company	
		2015	2014	2015	2014
	Notes	£	£	£	£
<b>Net cash inflow/(outflow) from operating activities</b>	19a	2,129,182	5,572,233	(3,221,053)	(32,619)
<b>(Costs) on investment and servicing of finance</b>	19b	(35,051)	(15,573)	(35,051)	(15,573)
<b>Capital expenditure and financial investment</b>	19b	(7,628,590)	(6,825,095)	(125,659)	(131,405)
		<u>(5,534,459)</u>	<u>(1,268,435)</u>	<u>(3,381,763)</u>	<u>(179,597)</u>
<b>Financing</b>					
Debt drawn down/(repaid)	19b	627,078	(15,598)	627,078	(15,598)
<b>Decrease in cash</b>		<u>(4,907,381)</u>	<u>(1,284,033)</u>	<u>(2,754,685)</u>	<u>(195,195)</u>
<b>Reconciliation of net cash flows to movement in net funds</b>					
<b>Decrease in cash</b>		(4,907,381)	(1,284,033)	(2,754,685)	(195,195)
<b>Cash outflow from debt</b>		<u>(627,078)</u>	<u>15,598</u>	<u>(627,078)</u>	<u>15,598</u>
<b>Movement in net funds during the year</b>		<u>(5,534,459)</u>	<u>(1,268,435)</u>	<u>(3,381,763)</u>	<u>(179,597)</u>
Net funds at 1 April		2,080,554	3,348,989	(56,028)	123,569
<b>Net funds at 31 March</b>		<u>(3,453,905)</u>	<u>2,080,554</u>	<u>(3,437,791)</u>	<u>(56,028)</u>

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

The companies included in the consolidation are Scottish Opera, Scottish Opera Theatre Royal, Scottish Opera Services Limited and Edington Productions Limited (See note 9)

The notes on pages 19 to 40 form part of these financial statements

**Notes to the accounts**  
**at 31 March 2015**

**1. Accounting policies**

**a) Going concern**

The company is a charity, limited by guarantee, and substantially relies upon funding by public grants and donations from other sources for its current and future commitments.

The accounts have been prepared on the going concern basis, the validity of which depends on the ability of the group to obtain adequate funding and operate within available funding. Based on confirmed grant levels for 2015/16 and expectations for 2016/17, the directors are confident that the going concern basis is appropriate for the company.

The group has net current liabilities at the year end due to the gap in funding for the development and extension of the public spaces within the Theatre Royal. The restoration was completed prior to all of the funding being obtained. The group is in the process of obtaining additional funding to fund this gap. The directors are confident that the group can meet its liabilities as they fall due for the foreseeable future, and on this basis consider it appropriate to prepare the financial statements on a going concern basis.

**b) Basis of preparation**

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

**c) Basis of consolidation**

The consolidated accounts of the group of Scottish Opera companies represent the parent company, Scottish Opera, and its three subsidiaries Scottish Opera Theatre Royal Limited, Scottish Opera Services Limited and Edington Productions Limited for the year ended 31 March 2015.

**d) Tangible fixed assets**

All fixed assets are initially recorded at cost. Depreciation is provided on all fixed assets, other than freehold land and costs associated with the Theatre Royal redevelopment project which are currently classed as assets under construction, at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	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%

**e) Income and incoming resources**

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

Incoming resources comprise income arising in the year along with capital grants and interest receivable in the year. All incoming resources are included in the Statement of Financial Activities when the group is entitled to the income and the amount can be quantified with reasonable accuracy.

**Notes to the accounts  
at 31 March 2015**

**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 the income and expenditure account on a straight line basis over the lease term.

**i) Capital grants and donations**

Incoming resources from capital grants and donations for capital purposes are credited to designated funds. These designated funds are released to general funds over the expected useful lives of the relevant assets by equal annual instalments in line with depreciation on the assets to which they relate.

**j) Pensions**

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

**k) Investments**

Investments in subsidiary undertakings are included at cost.

**l) Gifts in Kind**

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

**Notes to the accounts  
at 31 March 2015**

**m) Governance costs**

Governance costs of £24,526 (2014 £22,334) are made up of costs of the Board, corporate legal costs and the audit fee.

**n) 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.

**o) Foreign currencies**

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

**p) 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

**Scottish Opera**  
(Limited by Guarantee)

**Notes to the accounts**  
**at 31 March 2015**

**2. Income**

**a) Voluntary income**

*Group*

	2015 £	2014 £
Scottish Government Revenue Grant	8,148,000	8,266,000
Scottish Government International Touring Fund	-	20,000
Scottish Government Capital Grant	-	935,000
Scottish Local Authorities	30,000	32,000
Cross Border Touring Grant	45,255	46,104
British Council Grant	45,000	-
Creative Scotland Grant – Income	100,000	-
Creative Scotland Grant - Capital	896,089	1,050,874
Glasgow City Council	-	850,000
Heritage Lottery Fund	574,609	446,891
Gifts in Kind	-	28,841
Friends of Scottish Opera	45,000	35,000
Fundraising for Theatre Royal	452,932	1,806,942
Fundraising for core activities	453,831	408,418
	<u>10,790,716</u>	<u>13,926,070</u>

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

*Company*

	2015 £	2014 £
Scottish Government Revenue Grant	8,148,000	8,266,000
Scottish Government International Touring Fund	-	20,000
Scottish Local Authorities	30,000	32,000
Cross Border Touring Grant	45,255	46,104
Creative Scotland Grants	100,000	3,250
British Council Grant	45,000	-
Gifts in Kind	-	28,841
Friends of Scottish Opera	45,000	35,000
Fundraising for core activities	453,831	408,418
	<u>8,867,086</u>	<u>8,839,613</u>

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

**Notes to the accounts**  
**at 31 March 2015**

**b) Incoming resources from charitable activities**

*Group and Company*

	2015 £	2014 £
Main scale productions	959,481	1,454,528
Small and Medium scale touring	60,893	93,037
Education	262,153	428,919
Concerts	17,297	10,667
	<hr/>	<hr/>
	1,299,824	1,987,151
	<hr/>	<hr/>

The restricted income of £217,775 (2014: £451,676) represents funding from Companies, Trusts and private individuals.



**Scottish Opera**  
(Limited by Guarantee)

**Notes to the accounts**  
**at 31 March 2015**

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

	Staff Costs	Depreciation	Other costs	2015 Total	2014 Total
	£	£	£	£	£
<b>Costs of generating funds</b>					
Cost of generating voluntary income	47,236	-	-	47,236	47,236
Fundraising costs	267,481	-	65,196	332,677	343,825
Fundraising costs – subsidiary trading costs	107,537	-	235,767	343,304	300,087
	<u>422,254</u>	<u>-</u>	<u>300,963</u>	<u>723,217</u>	<u>691,148</u>
<b>Charitable activities</b>					
<b>Main scale productions and Concerts</b>					
Basic staff costs	2,981,909	-	-	2,981,909	2,991,238
Design, construction and rehearsal costs	415,429	-	905,444	1,320,873	2,253,850
Performing costs	298,725	-	1,524,948	1,823,673	1,645,140
Theatre rentals	-	-	485,615	485,615	477,015
Marketing	309,526	-	323,074	632,600	742,194
	<u>4,005,589</u>	<u>-</u>	<u>3,239,081</u>	<u>7,244,670</u>	<u>8,109,437</u>
Small and Medium Scale Touring	36,057	-	328,844	364,901	486,736
Education	233,987	-	789,861	1,023,848	839,326
Support costs	530,800	270,454	1,163,194	1,964,448	1,955,673
	<u>4,806,433</u>	<u>270,454</u>	<u>5,520,980</u>	<u>10,597,867</u>	<u>11,391,172</u>
Governance	-	-	24,526	24,526	22,334
<b>Total resources expended</b>	<u><u>5,228,687</u></u>	<u><u>270,454</u></u>	<u><u>5,846,469</u></u>	<u><u>11,345,610</u></u>	<u><u>12,104,654</u></u>

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

	2015 £	2014 £
Design, construction and rehearsal costs	<u>501,652</u>	<u>1,972,988</u>

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

**Scottish Opera**  
(Limited by Guarantee)

**Notes to the accounts  
at 31 March 2015**

Company

	Staff Costs	Depreciation	Other costs	2015 Total	2014 Total
	£	£	£	£	£
<b>Costs of generating funds</b>					
Cost of generating voluntary income	47,236	-	-	47,236	47,236
Fundraising costs	267,481	-	65,196	332,677	343,825
	<u>314,717</u>	<u>-</u>	<u>65,196</u>	<u>379,913</u>	<u>391,061</u>
<b>Charitable activities</b>					
<b>Main scale productions and Concerts</b>					
Basic staff costs	2,981,909	-	-	2,981,909	2,991,238
Design, construction and rehearsal costs	415,429	-	905,444	1,320,873	2,253,850
Performing costs	298,725	-	1,682,164	1,980,889	1,733,160
Theatre rentals	-	-	485,615	485,615	477,015
Marketing	309,526	-	323,074	632,600	742,194
	<u>4,005,589</u>	<u>-</u>	<u>3,396,297</u>	<u>7,401,886</u>	<u>8,197,457</u>
Small and Medium Scale Touring	36,057	-	328,844	364,901	486,736
Education	233,987	-	789,861	1,023,848	839,326
Support costs	530,800	270,454	1,163,194	1,964,448	1,955,673
	<u>4,806,433</u>	<u>270,454</u>	<u>5,678,196</u>	<u>10,755,083</u>	<u>11,479,192</u>
Governance	-	-	24,526	24,526	22,334
Total resources expended	<u>5,121,150</u>	<u>270,454</u>	<u>5,767,918</u>	<u>11,159,522</u>	<u>11,892,587</u>

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

	2015 £	2014 £
Design, construction and rehearsal costs	<u>501,652</u>	<u>1,972,988</u>

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

**Notes to the accounts  
at 31 March 2015**

**4. Expenditure – other disclosures**

	2015 £	2014 £
Charitable expenditure includes:		
Fees payable to auditors	19,500	19,000
-audit services (company 2015 - £16,500) ( 2014 - £16,000)		
Depreciation:		
-owned assets	270,454	256,630
Operating lease rentals		
-land and buildings	95,000	95,000
-other	16,477	20,932
	<u>          </u>	<u>          </u>

**5. Interest payable and similar charges**

	2015 £	2014 £
Bank loan interest	15,013	3,140
Other interest and charges	21,012	13,554
	<u>          </u>	<u>          </u>
	<u>36,025</u>	<u>16,694</u>

**Notes to the accounts  
at 31 March 2015**

**6. Staff costs**

a) Group	2015 £	2014 £
Wages	3,437,657	3,328,815
Social security costs	450,998	503,786
Pension costs	306,397	253,084
	<u>4,195,052</u>	<u>4,085,685</u>

In addition costs have been incurred in the year totalling £1,303,636 (2014 - £1,391,810) in respect of non- permanent and temporary staff.

	No.	No.
The average number of employees in the year was	149	151

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 2015.

All staff costs directly related to the capital project have been capitalised accordingly.

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

	2015 No.	2014 No.
£60,000 - £69,999	1	1
£110,000 - £119,999	1	1
	<u>1</u>	<u>1</u>

For employees in the above bandings, contributions of £13,470 (2014 - £13,470) were made during the year for the provision of money purchase pension benefits.

**b) Company**

	2015 £	2014 £
Wages	3,347,206	3,263,319
Social security costs	440,998	496,505
Pension costs	299,311	250,492
	<u>4,087,515</u>	<u>4,010,316</u>

In addition costs have been incurred in the year totalling £1,303,636 (2014 - £1,391,810) in respect of non- permanent and temporary staff.

	No.	No.
The average number of employees in the year was	143	144

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 2015.

**Scottish Opera**  
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**Notes to the accounts  
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The numbers of employees whose emoluments exceeded £60,000 fall within the undernoted bands:

	2015 No.	2014 No.
£60,000 - £69,999	1	1
£110,000 - £119,999	1	1

For employees in the above bandings, contributions of £13,470 (2014 - £13,470) were made during the year for the provision of money purchase pension benefits.

b) Directors' emoluments – Group and Company	2015 £	2014 £
Emoluments	119,952	115,952
Company contributions paid to pension schemes	8,796	8,796

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

Expenses reimbursed to directors in the year totalled group £27,553, company £27,161 (2014 – group £33,837, company £33,396).

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.

**7. Theatre Tax Credit**

	Group and Company 2015 £	Group and Company 2014 £
Theatre Tax Credit	448,975	-

**Scottish Opera**  
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**Notes to the accounts  
at 31 March 2015**

**8. 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 2014	22,184,737	86,999	589,305	254,465	199,558	262,413	23,577,477
Additions	7,508,698	-	98,295	1,000	(1,577)	22,174	7,628,590
Disposals	-	-	-	-	-	-	-
At 31 March 2015	<u>29,693,435</u>	<u>86,999</u>	<u>687,600</u>	<u>255,465</u>	<u>197,981</u>	<u>284,587</u>	<u>31,206,067</u>
Aggregate depreciation:							
At 1 April 2014	10,876,549	78,803	515,913	248,337	184,753	195,441	12,099,796
Additions	169,009	3,642	44,271	5,427	10,003	38,102	270,454
Disposals	-	-	-	-	-	-	-
At 31 March 2015	<u>11,045,558</u>	<u>82,445</u>	<u>560,184</u>	<u>253,764</u>	<u>194,756</u>	<u>233,543</u>	<u>12,370,250</u>
Net book value:							
At 31 March 2015	<u>18,647,877</u>	<u>4,554</u>	<u>127,416</u>	<u>1,701</u>	<u>3,225</u>	<u>51,044</u>	<u>18,835,817</u>
At 31 March 2014	<u>11,308,188</u>	<u>8,196</u>	<u>73,392</u>	<u>6,128</u>	<u>14,805</u>	<u>66,972</u>	<u>11,477,681</u>

Included in Freehold land and buildings is land with a net book value of £132,800 (2014: £132,800) and assets under construction with a net book value of £16,958,431 (2014: £9,455,500) which are not depreciated in line with accounting policy.

**Notes to the accounts**  
**at 31 March 2015**

**8. 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 2014	4,224,061	86,999	589,305	254,465	199,558	262,413	5,616,801
Additions	5,767	-	98,295	1,000	(1,577)	22,174	125,659
Disposals	-	-	-	-	-	-	-
At 31 March 2015	<u>4,229,828</u>	<u>86,999</u>	<u>687,600</u>	<u>255,465</u>	<u>197,981</u>	<u>284,587</u>	<u>5,742,460</u>
Aggregate depreciation:							
At 1 April 2014	2,504,173	78,803	515,913	248,337	184,753	195,441	3,727,420
Additions	169,009	3,642	44,271	5,427	10,003	38,102	270,454
Disposals	-	-	-	-	-	-	-
At 31 March 2015	<u>2,673,182</u>	<u>82,445</u>	<u>560,184</u>	<u>253,764</u>	<u>194,756</u>	<u>233,543</u>	<u>3,997,874</u>
Net book value:							
At 31 March 2015	<u>1,556,646</u>	<u>4,554</u>	<u>127,416</u>	<u>1,701</u>	<u>3,225</u>	<u>51,044</u>	<u>1,744,586</u>
At 31 March 2014	<u>1,719,888</u>	<u>8,196</u>	<u>73,392</u>	<u>6,128</u>	<u>14,805</u>	<u>66,972</u>	<u>1,889,381</u>

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**Notes to the accounts**  
**at 31 March 2015**

**9. Investments**

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Investment in subsidiary undertakings at cost	-	-	1,012	1,502
Investment in associate undertakings (note 23)	-	-	-	2
	-	-	1,012	1,504

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

	Share Capital and Reserves £	Principal Activity	Net Income/ (expenditure) for Year £
Scottish Opera Theatre Royal Limited (year ended 31 March 2015)	13,339,796	Ownership of Theatre Royal	1,923,630
Scottish Opera Services Limited (year ended 31 March 2015)	2	Supply of transport services	(30)
Edington Productions Limited (period ended 31 March 2015)	10	Production Company	-
	Income £	Expenditure £	Net Income/ (expenditure) £
Scottish Opera Theatre Royal Limited	1,923,630	-	1,923,630
Scottish Opera Services Limited	373,941	(373,971)	(30)
Edington Productions Limited	-	-	-

Edington Productions Limited was incorporated on 14 August 2014 and has not traded in the period from 14 August 2014 to 31 March 2015.

Scottish Opera Theatre Trust was dissolved on 23 August 2013 and Scottish Opera's associate was dissolved on 2 June 2015. Both investments have been written off to the Statement of Financial Activities in the year.



**Notes to the accounts  
at 31 March 2015**

**10. Debtors**

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Trade debtors	306,318	200,951	182,775	157,620
Other debtors	71,277	282,215	71,277	282,215
Other taxes	225,499	376,411	106,559	42,854
Future productions expenditure	854,949	574,702	854,949	574,702
Prepayments and accrued income	177,611	714,516	77,611	94,396
Amount due from subsidiaries	-	-	3,441,563	51,387
Theatre Tax Credit	448,975	-	448,975	-
	<u>2,084,629</u>	<u>2,148,795</u>	<u>5,183,709</u>	<u>1,203,174</u>

Included in future production expenditure are amounts of £282,429 (2014: £168,910) due after more than one year.

**11. Creditors: amounts falling due within one year**

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Bank overdraft	2,817,445	43,778	2,817,445	43,778
Trade creditors	922,583	1,422,795	531,376	277,490
Other taxes and social security costs	117,484	122,559	106,484	117,091
Accruals and other obligations	498,513	387,565	509,253	339,872
Bank loans (note 14)	178,434	18,726	178,434	18,726
Debentures (note 13)	75,000	75,000	-	-
Debenture premium (note 13)	56,725	56,725	-	-
Retention creditor	195,707	-	-	-
	<u>4,861,891</u>	<u>2,127,148</u>	<u>4,142,992</u>	<u>796,957</u>

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

Included within accruals and other obligations is £55,013 (2014: £69,142) of outstanding pension contributions.

**Notes to the accounts  
at 31 March 2015**

**12. Obligations under operating leases**

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

	2015 Land & Buildings £	2015 Other £	2014 Land & Buildings £	2014 Other £
<i>Group and company</i>				
Operating leases which expire:				
Within one year	50,000	6,300	50,000	1,875
Between two and five years	54,250	10,500	-	14,602
Over five years	45,000	-	45,000	-
	<u>99,250</u>	<u>16,800</u>	<u>95,000</u>	<u>16,477</u>

**13. Debentures**

Debentures:	Group 2015 £	Group 2014 £
Debentures of £25,000 each	<u>75,000</u>	<u>75,000</u>

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

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

Debenture Premiums Provided:	Group 2015 £	Group 2014 £
Premium arising at 1 January 1985	18,750	18,750
Premium arising at 1 January 1985	<u>18,750</u>	<u>18,750</u>
Premiums accruing up to 1 January 1995	<u>37,500</u>	<u>37,500</u>
Premium accruing from 1 January 1995:		
As at 1 April	19,225	19,225
Accrued during the year	<u>-</u>	<u>-</u>
As at 31 March	<u>19,225</u>	<u>19,225</u>
Total premium accrued at 31 March	<u>56,725</u>	<u>56,725</u>

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

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**at 31 March 2015**

**14. Other loans**

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
£750,000 cash flowing bank loan at 2% above base rate, repayable in monthly instalments commencing 18 July 2014	643,242	-	643,242	-
£150,000 bank loan at 3.1 % above base rate, repayable in monthly instalments commencing 18 May 2009	62,180	78,344	62,180	78,344
Less: Included in creditors: amounts falling due within one year (note 11)	(178,434)	(18,726)	(178,434)	(18,726)
	<u>526,988</u>	<u>59,618</u>	<u>526,988</u>	<u>59,618</u>
Amounts repayable:				
In one year or less	178,434	18,726	178,434	18,726
Between one and two years	178,434	18,726	178,434	18,726
Between two and five years	348,554	40,892	348,554	40,892
	<u>705,422</u>	<u>78,344</u>	<u>705,422</u>	<u>78,344</u>

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

**15. Designated Funds**

The 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.

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

**Scottish Opera**  
(Limited by Guarantee)

**Notes to the accounts  
at 31 March 2015**

**16. Funds**

*Group*

	As at 31 March 2014 £	Incoming Resources £	Outgoing Resources £	Theatre tax credit £	Transfers	As at 31 March 2015
Restricted Funds						
Advance Funding	11,637,270	2,008,885	282,359	-	-	13,363,796
Fundraising	146,643	504,975	562,108	-	-	89,510
	<u>11,783,913</u>	<u>2,513,860</u>	<u>844,467</u>	<u>-</u>	<u>-</u>	<u>13,453,306</u>
Unrestricted Funds						
General	977,038	10,341,389	10,501,143	448,975	(332,673)	933,586
Designated	955,964	-	-	-	332,673	1,288,637
	<u>13,716,915</u>	<u>12,855,249</u>	<u>11,345,610</u>	<u>448,975</u>	<u>-</u>	<u>15,675,529</u>

*Company*

	As at 31 March 2014 £	Incoming Resources £	Outgoing Resources £	Theatre Tax credit £	Transfers £	As at 31 March 2015 £
Restricted Funds						
Advance Funding	222,104	85,255	282,359	-	-	25,000
Fundraising	146,643	504,975	562,108	-	-	89,510
	<u>368,747</u>	<u>590,230</u>	<u>844,467</u>	<u>-</u>	<u>-</u>	<u>114,510</u>
Unrestricted Funds						
General	978,867	10,161,142	10,315,055	448,975	(332,673)	941,256
Designated	955,964	-	-	-	332,673	1,288,637
	<u>2,303,578</u>	<u>10,751,372</u>	<u>11,159,522</u>	<u>448,975</u>	<u>-</u>	<u>2,344,403</u>

**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 15 above.

**Scottish Opera**  
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**at 31 March 2015**

**Funds transfers**

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

**17. Analysis of funds between net assets**

Group

	Total	Unrestricted funds		Restricted
	£	General	Designated	Funds
		£	£	£
Fixed assets	18,835,817	905,936	839,662	17,090,219
Current assets	2,228,591	1,665,106	448,975	114,510
Current liabilities	(4,861,891)	(1,110,468)	-	(3,751,423)
Long term liabilities	(526,988)	(526,988)	-	-
Total	15,675,529	933,586	1,228,637	13,453,306

Company

Fixed assets	1,745,598	905,936	839,662	-
Current assets	5,268,785	4,705,300	448,975	114,510
Current liabilities	(4,142,992)	(4,142,992)	-	-
Long term liabilities	(526,988)	(526,988)	-	-
Total	2,344,403	941,256	1,228,637	114,510

**18. Liability of members**

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

**Notes to the accounts  
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**19. Cash flow statement**

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

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Net (deficit)/ income on ordinary activities	(43,452)	130,038	(37,611)	130,010
Interest receivable	(974)	(1,121)	(974)	(1,121)
Interest payable	36,025	16,694	36,025	16,694
Write off of minority interest/ subsidiary share capital	(471)	-	492	-
Depreciation	270,454	256,630	270,454	256,630
Net income/(deficit) in restricted and designated funds	1,553,091	4,542,651	(370,539)	(543,806)
Decrease/(increase) in debtors	513,141	(470,286)	(3,531,560)	214,227
(Decrease)/increase in creditors	(198,632)	1,097,627	412,660	(105,253)
	<u>2,129,182</u>	<u>5,572,233</u>	<u>(3,221,053)</u>	<u>(32,619)</u>

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

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
<b>Returns on investments and servicing of finance</b>				
Interest received	974	1,121	974	1,121
Interest paid	(36,025)	(16,694)	(36,025)	(16,694)
	<u>(35,051)</u>	<u>(15,573)</u>	<u>(35,051)</u>	<u>(15,573)</u>
<b>Capital expenditure and financial investment</b>				
Purchase of fixed assets	(7,628,590)	(6,830,270)	(125,659)	(136,580)
Disposal of fixed assets	-	5,175	-	5,175
	<u>(7,628,590)</u>	<u>(6,825,095)</u>	<u>(125,659)</u>	<u>(131,405)</u>
<b>Financing</b>				
Loan drawn down	750,000	-	750,000	-
Repayment of long term loans	(122,922)	(15,598)	(122,922)	(15,598)
	<u>627,078</u>	<u>(15,598)</u>	<u>627,078</u>	<u>(15,598)</u>

**Notes to the accounts**  
**at 31 March 2015**

**19. Cash flow statement (continued)**

c) Analysis of Group net funds:

	At 1 April 2014 £	Cash Flow £	Other changes £	At 31 March 2015 £
Bank and cash in hand	2,277,676	(2,133,714)	-	143,962
Bank overdraft	(43,778)	(2,773,667)	-	(2,817,445)
	<u>2,233,898</u>	<u>(4,907,381)</u>	<u>-</u>	<u>(2,673,483)</u>
Debenture	(75,000)	-	-	(75,000)
Other loans	(78,344)	(627,078)	-	(705,422)
	<u>2,080,554</u>	<u>(5,534,459)</u>	<u>-</u>	<u>(3,453,905)</u>

Analysis of Company net funds:

Bank and cash in hand	66,094	18,982	-	85,076
Bank overdraft	(43,778)	(2,773,667)	-	(2,817,445)
	<u>22,316</u>	<u>(2,754,685)</u>	<u>-</u>	<u>(2,732,369)</u>
Other loans	(78,344)	(627,078)	-	(705,422)
	<u>(56,028)</u>	<u>(3,381,763)</u>	<u>-</u>	<u>(3,437,791)</u>

**20. Commitments**

The group is committed to contracts with Sir Robert McAlpine Ltd amounting to £nil (2014 – £2,544,031) for the construction of the new public spaces for the Theatre Royal. These amounts have not been included in the accounts.

The group/company is committed to contracts with guest artistes, etc. and other costs in connection with future productions in the sum of £718,777 (2014 – £540,976) of which £326,986 relates to the year to 31 March 2016 and £391,791 relates to later years. These amounts have not been included in the accounts.

**Notes to the accounts  
at 31 March 2015**

**21. Pension commitments**

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

The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £306,397 for the group and £299,311 for the company (2014 - £253,084 and £250,492 respectively).

**22. Contingent liabilities**

There are contingent liabilities totalling £7,393,796 (2014 - £7,393,796) for the group and £2,336,796 (2014 - £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.

**23. Associated Companies**

During the year ended 31 March 2014 Scottish Opera became a 1/3 shareholder in Pirates of Penzance Limited. This company was formed to tour the Scottish Opera production of Gilbert and Sullivan's *Pirates of Penzance* in England. The company did not trade for the year ended 31 March 2015. The 2014 results of the company were a net loss of £6. Scottish Opera's share of this loss amounting to £2 was written off in the year ended 31 March 2014. The company was wound up on 2 June 2015.

Scottish Opera's share of Pirates of Penzance Limited results which were included in the 2014 financial statements are as follows

	£
Incoming resources – Activities for generating funds	138,037
Resources expended – Cost of generating funds	(138,039)
	<hr/>
Net movement in funds	(2)
	<hr/>
Current assets	15,679
Creditors: amounts falling due within one year	(15,679)
	<hr/>
Unrestricted reserves	-
	<hr/>



**Notes to the accounts**  
**at 31 March 2015**

**24. Related party transactions**

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