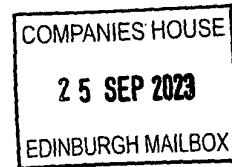


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## Scottish Opera (Limited by Guarantee)

### Report and Accounts

31 March 2023



Registered no. SC037531  
Registered Charity no. SC019787

**Scottish Opera**  
(Limited by Guarantee)

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Registered No: SC037531

**Company information**

**Directors**

Peter Lawson CBE	(Chair)
Dorothy Miell OBE	(Vice chair)
Sophie Amono	
Jessica Burns	
Elizabeth Cameron	
Neil Campbell	
Nicola Candlish	
Marcus Cheng	
Roberta Doyle	
May Ferries	
Sarah Jackson	
Andrew Lockyer	
Alex Reedijk	(General Director)

**Secretary**

Simon Hunt (appointed 23 September 2022)  
Judith Patrickson (resigned 16 September 2022)

**Auditor**

Azets Audit Services  
Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF

**Bankers**

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

**Solicitors**

Miller Samuel Hill Brown  
The Forsyth Building  
5 Renfield Street  
Glasgow  
G2 5EZ

**Registered office**

39 Elmbank Crescent  
Glasgow  
G2 4PT

**Company number**

SC037531

## **Chair's statement**

I am delighted to present my ninth Chair's Statement on behalf of the Board of Scottish Opera.

In its 60th year, Scottish Opera has enjoyed a first-class reputation with exceptionally high artistic standards. New productions of Bernstein's *Candide*, Golijov's *Ainadamar* and Puccini's *Il trittico* all received a plethora of 5-star reviews from critics. It was a thrill to experience a full house again after the pandemic hit audiences in so many difficult ways. The productions spoke to so many on a personal level, with plenty of laughs and a good few tears.

Scottish Opera's 60th Anniversary has seen the Company play an important role in the international opera landscape garnering Scotland worldwide recognition for high-end creativity. A good number of opera companies across the UK, Europe, and North America have hired or been co-producers of our work in recent years. Productions have appeared in Santa Fe, Detroit, Houston, Los Angeles, Toulouse, Madrid, Paris and Bielefeld. Our rentals and co-productions are a crucial part of our income model, though rising shipping costs are making this particularly challenging.

The teams working at Scottish Opera Production Studios created over 500 costumes for *Candide* and 500 props for *Il trittico*. The Company's artisan makers also design, craft, engineer, and create sets, props, and costumes for companies across the UK. This year, clients have included English National Ballet, Scottish Ballet, Royal Opera House, and Netflix. It is a challenge to retain key staff as more lucrative jobs in Scotland's expanding film sector are on offer.

COVID continued to pose challenges for the Company. However, with the inclusion of talented cover casts, productions were able to continue, proving Scottish Opera remains flexible, adaptable and robust post-pandemic. One performance of Mozart's *Don Giovanni* in May 2022 involved seven covers. The cover cast was also well utilised by performing in the new format of Access Operas. These have proved vital to audiences who are not able to attend a full length production with each performance being led by a narrator, shorter in length and with socially distanced seating.

We remain grateful to the Scottish Government for its continued core funding. However, with the cost of doing business rising significantly, there is pressure on the volume of activity that can be presented in future years. We appreciate the support of the many MPs and MSPs who have enjoyed witnessing our education and outreach work and attending productions.

I cannot thank our supporters enough – audiences, trusts, foundations, businesses, and individual donors – for everything they have done to support Scottish Opera to make the 60th Anniversary such a success. Your support continues to be constant and the commitment you make is never taken for granted by staff and board. We are particularly indebted to the support of the Dunard Fund and everyone who contributed to the record-breaking Play a Supporting Role appeal for *Il trittico*.

The Board meets quarterly, supported by more frequent meetings of the Finance and General Purposes Committee. During the year, we were sad to see Jenny Slack retire after seven years as a Board Director (not forgetting her 24 years as Director of Planning) and it won't be the same around the company without her continuing presence. We are delighted to welcome three new Board Directors: Sophie Amono, Nicola Candlish and Sarah Jackson.

## **Chair's statement**

The Board and Senior Management Team have demonstrated expert leadership, determination, resilience, and enthusiasm, and for this I extend my gratitude. The commitment and effort of the entire Scottish Opera team to create beautiful work for all our audiences across Scotland in our 60th Anniversary is to be applauded.

**Peter Lawson CBE**  
Chair of Scottish Opera

15 September 2023

## **General Director's report**

### **Scottish Opera**

Welcome to this report for the 2022/23 accounting period.

The 2022/23 60th Anniversary Season ran from May 2022 to June 2023, and celebrated six decades since the Company's foundation on June 5th 1962, with performances in 60 locations across Scotland representing each of those 60 years. This is symbolic of Scottish Opera's commitment to serving the entire country.

While pandemic restrictions had been fully lifted, the threat of infection spreading was still affecting audience attendance. Education and outreach activity, often involving groups who may consider themselves more vulnerable, was slow to regain momentum.

The cost crisis was disruptive due to unplanned increases in costs of materials, goods, services and energy. Touring costs and supply lines were particularly affected, with materials for carpentry and costume being delayed on several occasions. There was budgetary uncertainty with costs rising between being budgeted and orders placed.

There was a return to longer term planning, albeit against a backdrop of year-on-year Scottish Government funding.

Despite the challenges, the 60th Anniversary was a great success. Our supporters remained loyal and audiences alongside the media were vocal in their appreciation of our work.

The financial year can be summarised as follows:

- In total 81,293 people saw a live performance or participated in outreach
- Three new productions of *Candide*, *Ainadamar* and *Il trittico* were created along with a revival of Mozart's *Don Giovanni*
- 5,124 people saw Pop-up Opera at one of 72 performances
- 1,482 people participated in Breath Cycle II, helping those living with Long COVID
- Six immersive performances with community chorus of Bernstein's *Candide* were held 'under canvas' on land next to the Forth & Clyde Canal
- UK staged premiere of Golijov's *Ainadamar*, Scottish premiere of Massenet's *Thérèse* and world premiere of *Rubble* by Gareth Williams
- A new production of Puccini's *Il trittico* directed by Sir David McVicar was a triumph in every sense of the word
- Total views of 229,232 on YouTube and 243,000 on BBC iPlayer
- A Scottish Opera gala performance opened the 50th Perth Festival

In total, half a million people experienced Scottish Opera in 2022/23 reaching right across Scotland and internationally to 167 countries through digital offerings.

This was Music Director Stuart Stratford's seventh year with Scottish Opera. For the 60th Anniversary, Stuart ensured that Bernstein's *Candide* with a large-scale community chorus including non-professional performers was at the heart of activity, keeping Scottish Opera relevant and rooted to the community. Bernstein's *Candide*, a piece about displacement, involved members of the Maryhill Integration Network – a group that supports refugees, asylum seekers and long-term residents of Glasgow for whom Scotland is not their native country.

## **General Director's report**

Stuart's all-round musical expertise took Scottish Opera from the Classical world of Mozart, the Romanticism of Puccini, Verdi and Massenet to the flamenco rhythms of Golijov's *Ainadamar* over this highly successful season.

More than ever, touring opera is vital to our communities with many sold out performances, and our outreach work is crucial in assisting people to heal from post-pandemic anxieties as well as Long COVID. As we move throughout 2023, we are finding schools across the country are increasingly looking for performing arts companies to provide activity within schools.

We are also finding through audience research a change in the demographic of our audiences, with a growing younger audience allowing us to continue to be a vibrant opera company with the opportunity to perform established repertoire to new audiences.

The Company received standstill funding in the 2023/24 budget announced by the Scottish Government in December 2022. We remain grateful for their continued support and Scottish Opera remains a strong coherent organisation. We are however, as noted above, experiencing significant pressure on our costs of materials, goods and energy, and there is also a material risk to our workforce as staff leave for higher paid jobs elsewhere. In this context, the UK Theatre Tax Relief is more important than ever to overall financial stability, with 2022/23's investments in outstanding new productions leading to our highest ever claim.

With unstable inflation another consideration, our ability to continue to produce and present opera at present levels and to the high-quality standards that are expected from our audiences up and down the country is under threat.

### **Scottish Opera Performances**

The year started with a special opera gala performance to open the 50<sup>th</sup> Perth Festival of the Arts, followed shortly by a four-city tour of Mozart's *Don Giovanni* to open Scottish Opera's 60<sup>th</sup> Anniversary celebrations. Audiences were still being cautious; some were still staying away from indoor venues and many attenders were still wearing masks.

This audience behaviour reinforced the decision to keep summer performances outdoors. A new production of Bernstein's *Candide* (using the 1988 Scottish Opera version) was presented in a tented venue on New Rotterdam Wharf next to the Forth & Clyde Canal and Scottish Opera's Production Studios. These performances, including a large community chorus in partnership with the Maryhill Integration Network, attracted much praise, including 5-star press reviews from national critics. The Orchestra of Scottish Opera also performed a concert on the same stage and the space was hired to the Citizen's Theatre for a run of outdoor theatre.

For the rest of the country, the Pop-up Opera tour was back on the road, with the curtain-sided trailer reaching an audience of over 5,000 with 72 performances across 24 locations. Places visited included the Grinnebhait in the Western Isles, Mount Stuart on the Isle of Bute, Slessor Gardens in Dundee, Ruchill Park in Glasgow, Musselburgh Racecourse and many locations in between. Two operas were miniaturised for the tour: "A little bit of" *The Marriage of Figaro* and *The Barber of Seville*. The third mini opera, *Be A Sport, Spike!*, is a Scottish Opera original for 4 to 8 year olds.

There was a Scottish premiere of Massenet's *Thérèse* at the Lammermuir Festival, sadly on the same day as HM The Queen passed away. Despite the royal death, a decision was made for this performance, and a subsequent one at Perth Concert Hall two days later, to proceed as a mark of respect for the late monarch.

## **General Director's report**

A 35-date Opera Highlights tour was possible again in 2022/23. Audiences flocked to their local community venues, and the tour boasted an impressive 93% capacity overall – the best since the start of the Opera Highlights concept.

An extra performance was added at the start of the spring tour to perform on the cruise ship "Ambition" which was docked in Glasgow housing Ukrainian refugees. A specially translated programme was created for the audience which consisted of many family groups who were thrilled by the concert experience.

Scottish Opera 2022/23 Emerging Artists, soprano Zoe Drummond, mezzo-soprano Lea Shaw, tenor Osian Wyn Bowen, baritone Colin Murray, and répétiteur Kristina Yorgova all took part in the tour which was supported by The Friends of Scottish Opera and JTH Charitable Trust. The Company took on six Emerging Artists in total in its 60th Season, including Elizabeth Salvesen Costume Trainee Isabel Mercier.

The autumn mainscale production was the UK staged premiere of Golljov's *Ainadamar* performed in Glasgow and Edinburgh, presented in collaboration with Opera Ventures and co-production partners included Detroit Opera, Welsh National Opera and The Metropolitan Opera.

The Verdi Collection (a concert performance of Italian opera's greatest hits) was performed in Inverness and Aberdeen in the autumn and Glasgow and Edinburgh in the spring. It was successful in helping audiences get back into opera, which included a sell-out concert in Glasgow.

Puccini's *Il trittico* directed by Sir David McVicar was presented in Glasgow and Edinburgh. The final night was a sell-out and it received many rave 5-star reviews.

Access performances proved to be a success, with the revised format of these relaxed performances really beginning to take shape. Scottish Opera demonstrated a keen eye for casting throughout this season: Julieth Lozano (*Ainadamar*) went on to compete in the 2023 BBC Cardiff Singer of the World and win its Audience Prize, and Sunyoung Seo made an unforgettable house debut in *Il trittico*.

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

The Orchestra of Scottish Opera, together with Music Director Stuart Stratford, opened the 50<sup>th</sup> Perth Festival of the Arts with a gala performance including Scottish singer Catriona Morison and Scottish Opera Emerging Artists Catriona Hewitson and Lea Shaw. Lea then joined The Orchestra for an outdoor all-American programme in Glasgow.

The Orchestra performed the Scottish Premiere of Massenet's *Thérèse* at the Lammermuir Festival and in Perth Concert Hall. In order to help audiences re-engage with opera, a special collection of the best of Verdi's operas (*The Verdi Collection*) toured to Aberdeen, Inverness, Glasgow and Edinburgh.

The regular engagement with Ayr Arts Guild was reignited for the first time since the pandemic with conductor Taavi Oramo making his Scottish debut and Principal Flute Eilidh Gillespie performing as soloist with The Orchestra of Scottish Opera.

### **Scottish Opera External Support**

Income generated through fundraising for the year 2022/23 totalled £1,221,613. We are grateful to all of our donors, whose steadfast support helped us as we continued to navigate our way through the post-COVID landscape. Special thanks are due to Dunard Fund for their transformative support of our landmark production of Puccini's *Il trittico*, along with the many donors, old and new, who

## **General Director's report**

helped to make our Play a Supporting Role Appeal for this production our most successful ever. Our thanks also go to the members of Scottish Opera's Syndicate, who provided significant support during a very challenging time, and all of our committed supporters who helped us to create and perform some of the most memorable work we have ever staged.

We are very fortunate to have 432 annual supporters giving through our Alexander Gibson Circle, Emerging Artists programme, Education Angels scheme, Music Director's Circle and the New Commissions Circle, and 1,077 Friends of Scottish Opera.

The grants we received from 38 Charitable Trusts and Foundations were important in helping us realise our artistic ambitions, support our vital outreach work, and support the early careers of our Emerging Artists. Our special thanks go to the Macbeth Memorial Trust for their support.

We also wish to thank the businesses including Baillie Gifford, Miller Samuel Hill Brown, NVT and Capital Document Solutions, for their sustained sponsorship that supports our work with gifts in cash and in-kind.

The Scottish Opera Endowment Trust, funded through gifts in the wills of supporters over many years, continues to play a key role in supporting our work, as it receives legacies over the year. It remains our intention that legacy gifts to the Company will be transferred to the Trust for investment, where careful stewardship means the gifts will continue to help Scottish Opera for generations to come. We are honoured to receive the pledges and legacies of supporters and opera lovers and have taken pride in dedicating performances through the year to the memory of those who have helped us with these very special gifts.

### **Scottish Opera Education**

Having been a success with primary schools online in 2021, we were finally able to run the Primary Schools Tour as in-person workshops and performances of *The Last Aliens* from April 2022 onwards. 49 schools took part in this programme, which ran from April to June and again from October to December. A further 25 schools took part in *The Curse of the MacCabbra Opera House*, the new title for February and March 2023. Digital only resources were also created to help more schools participate in the tour with one teacher commenting, "I don't have a background in music, but you don't have to be able to read music, you just play and sing along to these resources. They are absolutely amazing." Robbie Sinnott, Teacher, Hillhead Primary School.

Disney Musicals in Schools was fully in person. The vitality of this programme was strongly felt given how it builds skills and confidence in both pupils and teachers, encourages participation and collaboration, and leaves a sustainable arts legacy for years to come, especially in schools that are actively seeking greater engagement with the arts. All the participating schools came together for a performance at Edinburgh's Playhouse Theatre in May 2022.

BambinO, the music theatre for infants up to 12 months, was back on the road visiting eight cities across Scotland and enjoyed by 2,000 people. Memory Spinners, a project designed to engage with people living with dementia through music and art, began at Glasgow's St Columba's Church and Holy Trinity Church Hall in St Andrews. The project, which was halted completely through the pandemic, brought positivity back to the lives of participants as well as helped to alleviate feelings of anxiety and distress caused by dementia.

As well as taking part in *Candide*, Scottish Opera's community choir was back at full strength, with participants singing in person. There were Easter and Christmas sharings, with the choir also playing a key role in launching *Breath Cycle II* and the Covid Composers Songbook in February 2023.

## **General Director's report**

*Breath Cycle* supports those with a range of conditions affecting lung health. It was originally designed in 2013 to help those living with cystic fibrosis, then repurposed for those living with Long COVID. Participants joined an online programme of gentle vocal training and breathing exercises designed to re-build physical and mental resilience. Song writing sessions were available, mentored by composer Gareth Williams and writer Martin O'Connor. These resulted in a series of songs called *The Covid Composers Songbook*, a positive musical legacy of the Covid years, which form part of the digital resources materials available to download for no charge from our website. A series of online resources were also created to allow anyone to access help for Long COVID.

In July, Scottish Opera Young Company (members are aged 17 to 23) presented the world premiere of *Rubble*, a new piece from acclaimed composer Gareth Williams and director and pantomime legend Johnny McKnight. This was a searingly honest, darkly comedic story about a children's care home forgotten in a broken system. It was written in Scots dialect and originally commissioned as part of our Outreach and Education Programme's 50th Anniversary celebrations in 2021.

I close my report by thanking all those who have made Scottish Opera's 60th Anniversary a glowing success. This includes the dedication and energy of the many skilled and creative people who choose to work with and for Scottish Opera.

A huge thank you to all those who have engaged in our digital programmes, participated in our outreach and came to see us perform both outdoors and indoors.

Congratulations to our Chair Peter Lawson who has been awarded a CBE in the Birthday Honours. Peter has a long-standing and deep passion for the performing arts. We are all delighted that his tireless work and dedication have been acknowledged in this way.

Another huge thank you to Derek Clark for over 25 years of service as Scottish Opera's Head of Music. He retired in March 2023 after conducting the final performance of *Il tritico* in Edinburgh. His wit and warmth, not to mention his enormous musical knowledge and passion for the operatic art form, have left a long legacy for the Company.

Thank you crucially to all our donors – those who give regularly as well as those who have provided a one-off sum. And, finally, a huge thank you to all our audiences, across Scotland, without whom we couldn't have celebrated this 60th Anniversary!

**Alex Reedijk**  
General Director

15 September 2023

## **Directors' report (incorporating the Strategic Report)**

The Directors present their Directors' report (incorporating the Strategic Report), and accounts for the year ended 31 March 2023.

### **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. The company is currently dormant.

### **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 & financial review and future developments**

A review of the main business activities, group results and future developments is included in the Chair's statement on pages 2 and 3 and the General Director's report on pages 4 to 8.

## **Directors' report (incorporating the Strategic 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. During the course of the financial year, the Scottish Government were entitled to send observers to Scottish Opera board meetings and regular financial information is provided as a condition of this grant.

### **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. These rates were increased temporarily by the UK Government to 45% and 50% respectively for new productions commencing their pre-production phase after 27 October 2021.

### **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 financial statements 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. Having reviewed the financial forecast for the group for 2023/24, taking into account the draft budgets for 2024/25 and the latest twelve-month cash flow forecast, based on confirmed grant levels for 2023/24 and expectations for 2024/25, the directors are confident that the going concern basis is appropriate for the group.

### **Reserves policy**

At 31 March 2023 the group's unrestricted general reserves amounted to £635,520 (2022: £411,324), unrestricted designated reserves of £3,010,471 (2022: £3,071,311) and restricted reserves of £11,295,691 (2022: £12,480,286).

The directors have agreed that the minimum level of unrestricted general reserves is £500,000. These reserves are normally set aside in order to protect the future operations of the group 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 is 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. At 31 March 2023, the general, undesignated reserves were 8% of income (2022: 5%).

### **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 (incorporating the Strategic Report)**

### ***Financial and risk management objectives and policies***

Business planning and the identification of the major risks to which the group 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. In addition the Board and the group's senior management have actively managed the additional risks introduced by the COVID-19 pandemic, including the impact on income generation. The Board are committed to a formal risk assessment process in line with best practice.

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

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

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

#### ***Liquidity risk***

The group'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 group'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 group 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 (incorporating the Strategic 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 CBE (Chair), Dorothy Miell OBE, (Vice Chair), Sophie Amono, Jessica Burns, Elizabeth Cameron, Nicola Candlish, Neil Campbell, Marcus Cheng, Roberta Doyle, May Ferries, Sarah Jackson, Andrew Lockyer, and Alex Reedijk.

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
- Keep under review the effectiveness of the Board

#### Administration

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

The Finance & General Purposes Committee consists of 4 non-executive Board Members. A quorum shall consist of any 3 from these 4 people.

The Finance & General Purposes Committee met 6 times in the year.

The members of the Committee are:

Neil Campbell (Chair), Jessica Burns, Roberta Doyle, and Dorothy Miell OBE.

### **Audit Committee**

The Audit Committee normally meets twice a year with the Company's external auditor. Firstly, to review the audit planning exercise and identify potential areas of risk and, secondly, to review the draft statutory accounts and audit report 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 1 time in the year.

The members of the Committee are:

Elizabeth Cameron (Chair), May Ferries, and Andrew Lockyer.

## **Directors' report (incorporating the Strategic Report)**

### **Reference and administration details**

Scottish Opera, as part of the Scottish Opera group of companies, is a private 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 CBE	(Chair)
Dorothy Miell OBE	(Vice chair)
Sophie Amono	(appointed 16 September 2022)
Jessica Burns	
Elizabeth Cameron	
Neil Campbell	
Nicola Candlish	(appointed 16 September 2022)
Marcus Cheng	
Roberta Doyle	
May Ferries	
Sarah Jackson	(appointed 16 September 2022)
Andrew Lockyer	
Alex Reedijk	(General Director)
Jennifer Slack	(retired 16 September 2022)

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

The Directors are responsible for preparing the Directors' Report (incorporating the Strategic Report), and the financial statements in accordance with applicable law and regulations.

Charity and 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 applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice). 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 income and expenditure 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
- observe the methods and principles in the Charities SORP (FRS102)
- 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 (incorporating the Strategic 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.

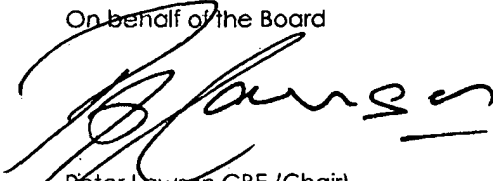
### **Directors statement as to disclosure of information to the Auditor**

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 group 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 CBE (Chair)  
Dated: 15 September 2023

**Scottish Opera**  
(Limited by Guarantee)

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**Independent auditor's report  
to the Directors and Members of Scottish Opera (Limited by Guarantee)  
for the year ended 31 March 2023**

**Opinion**

We have audited the financial statements of Scottish Opera (the parent charitable company) and its subsidiaries (the group) for the year ended 31 March 2023 which comprise the Consolidated and Parent Company Statement of Financial Activities (incorporating the Income and Expenditure Account), the Consolidated and Parent Company Balance Sheet, the Consolidated and Parent Company Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. 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' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2023 and of 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 regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Scottish Opera**  
(Limited by Guarantee)

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**Independent auditor's report  
to the Directors and Members of Scottish Opera (Limited by Guarantee)  
for the year ended 31 March 2023**

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters 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, in the General Director's Report and in the Directors' Report (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report (incorporating the Strategic Report) has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Chair's Statement, in the General Director's Report and in the Directors' Report (incorporating the Strategic Report).

**Independent auditor's report  
to the Directors and Members of Scottish Opera (Limited by Guarantee)  
for the year ended 31 March 2023**

**Matters on which we are required to report by exception (continued)**

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

- adequate and proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

**Responsibilities of the directors**

As explained more fully in the directors' responsibilities statement set out on pages 13 and 14, the directors (who are the directors for the purposes of company law and trustees 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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 the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

**Independent auditor's report  
to the Directors and Members of Scottish Opera (Limited by Guarantee)  
for the year ended 31 March 2023**

**Auditor's responsibilities for the audit of the financial statements (continued)**

***Extent to which the audit was considered capable of detecting irregularities including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the group and the charitable company, its activities; its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the group and the charitable company is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the group and the charitable company that were contrary to applicable laws and regulations, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group and the charitable company through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group and the charitable company, including the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and taxation, data protection, anti-bribery, employment, environmental, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any correspondence with HMRC, relevant regulators and the group and the charitable company's legal advisors.

We assessed the susceptibility of the group and the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

**Scottish Opera**  
(Limited by Guarantee)

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**Independent auditor's report**  
**to the Directors and Members of Scottish Opera (Limited by Guarantee)**  
**for the year ended 31 March 2023**

**Auditor's responsibilities for the audit of the financial statements (continued)**

**Extent to which the audit was considered capable of detecting irregularities including fraud (continued)**

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in these financial statements were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Use of our report**

This report is made solely to the parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the parent charitable company's directors, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the parent charitable company's members, as a body, and the parent charitable company's directors, as a body, 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 parent charitable company, the parent charitable company's members, as a body, and the parent charitable company's directors, as a body, for our audit work, for this report, or for the opinions we have formed.

*Azets Audit Services*

**Allison Gibson, Senior Statutory Auditor**  
**For and on behalf of**

**Azets Audit Services, Statutory Auditor**

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Chartered Accountants

Titanium 1

King's Inch Place

Renfrew

PA4 8WF

Dated: **21 September 2023**

**Scottish Opera**  
(Limited by Guarantee)

**Consolidated statement of financial activities and income and expenditure account**

for the year ended 31 March 2023

	Notes	Unrestricted funds		Restricted funds	2023 Total	2022 Total
		General	Designated			
		£	£	£	£	£
<b>Income</b>						
Donations	6a	8,499,118	-	157,620	8,656,738	8,826,090
Charitable activities	6b	925,224	-	971,537	1,896,761	1,326,562
Other trading activities	6c	1,141,414	-	10,000	1,151,414	675,970
Investment income		18,412	-	-	18,412	-
Coronavirus Job Retention Scheme		-	-	-	-	652,277
<b>Total income</b>		<b>10,584,168</b>	<b>-</b>	<b>1,139,157</b>	<b>11,723,325</b>	<b>11,480,899</b>
<b>Expenditure</b>						
Raising funds	7	842,495	-	-	842,495	598,083
Charitable activities	7	12,022,774	58,532	2,323,752	14,405,058	11,618,514
Cost of Coronavirus	7	-	-	-	-	556,025
<b>Total expenditure</b>		<b>12,865,269</b>	<b>58,532</b>	<b>2,323,752</b>	<b>15,247,553</b>	<b>12,772,622</b>
Net expenditure before theatre tax credit and transfers	9	(2,281,101)	(58,532)	(1,184,595)	(3,524,228)	(1,291,723)
Theatre tax credit		2,502,989	-	-	2,502,989	714,487
Net (expenditure)/income before transfers		221,888	(58,532)	(1,184,595)	(1,021,239)	(577,236)
Gross transfers between funds:						
Release of capital grants	21	2,308	(2,308)	-	-	-
Designation of funds	21	-	-	-	-	-
<b>Net movement in funds</b>		<b>224,196</b>	<b>(60,840)</b>	<b>(1,184,595)</b>	<b>(1,021,239)</b>	<b>(577,236)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward	21, 22	411,324	3,071,311	12,480,286	15,962,921	16,540,157
Total funds carried forward	21, 22	635,520	3,010,471	11,295,691	14,941,682	15,962,921

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 24 to 52 form part of these financial statements.

**Scottish Opera**  
(Limited by Guarantee)

**Company statement of financial activities and income and expenditure account**

for the year ended 31 March 2023

	Notes	Unrestricted funds General	Designated	Restricted funds	2023 Total	2022 Total
		£	£	£	£	£
<b>Income</b>						
Donations	6a	8,499,118	-	157,420	8,656,538	8,825,490
Charitable activities	6b	725,224	-	771,537	1,896,761	1,326,562
Other trading activities	6c	596,040	-	10,000	606,040	473,741
Investment income		1,140	-	-	1,140	-
Coronavirus Job Retention Scheme		-	-	-	-	652,277
<b>Total income</b>		<b>10,021,522</b>	<b>-</b>	<b>1,138,957</b>	<b>11,160,479</b>	<b>11,278,070</b>
<b>Expenditure</b>						
Raising funds	7	493,181	-	-	493,181	290,693
Charitable activities	7	11,926,386	-	1,944,942	13,871,328	11,227,704
Cost of Coronavirus	7	-	-	-	-	556,025
<b>Total expenditure</b>		<b>12,419,567</b>	<b>-</b>	<b>1,944,942</b>	<b>14,364,509</b>	<b>12,074,422</b>
Net expenditure before theatre tax credit and transfers	9	(2,398,045)	-	(805,985)	(3,204,030)	(796,352)
Theatre tax credit		2,502,989	-	-	2,502,989	714,487
Net (expenditure)/income before transfers		104,944	-	(805,985)	(701,041)	(81,865)
Gross transfers between funds:						
Release of capital grants	21	2,308	(2,308)	-	-	-
Designation of funds	21	-	-	-	-	-
<b>Net movement in funds</b>		<b>107,252</b>	<b>(2,308)</b>	<b>(805,985)</b>	<b>(701,041)</b>	<b>(81,865)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward	21, 22	491,452	2,556,608	992,984	4,041,044	4,122,909
Total funds carried forward	21, 22	598,704	2,554,300	186,999	3,340,003	4,041,044

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 24 to 52 form part of these financial statements.

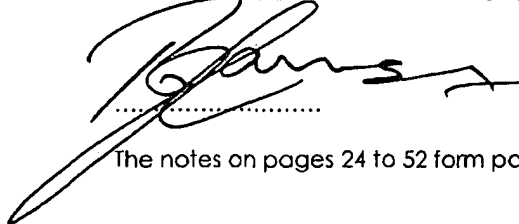
**Balance sheet**  
**at 31 March 2023**

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
<b>Fixed assets</b>					
Tangible assets	12	16,938,332	17,376,332	883,695	959,682
Investments	13	-	-	1,012	1,012
		<u>16,938,332</u>	<u>17,376,332</u>	<u>884,707</u>	<u>960,694</u>
<b>Current assets</b>					
Debtors	14	3,664,501	2,144,163	5,070,345	3,517,733
Cash at bank and in hand	15	34,273	598,102	25,354	579,704
		<u>3,698,774</u>	<u>2,742,265</u>	<u>5,095,699</u>	<u>4,097,437</u>
<b>Creditors:</b> amounts falling due within one year	16	(2,555,412)	(1,024,384)	(2,640,403)	(1,017,087)
<b>Net current assets</b>		<u>1,143,362</u>	<u>1,717,881</u>	<u>2,455,296</u>	<u>3,080,350</u>
<b>Total assets less current liabilities</b>		<u>18,081,694</u>	<u>19,094,213</u>	<u>3,340,003</u>	<u>4,041,044</u>
<b>Creditors:</b> amounts falling due after more than one year	17	(3,140,012)	(3,131,292)	-	-
<b>Total assets less liabilities</b>		<u>14,941,682</u>	<u>15,962,921</u>	<u>3,340,003</u>	<u>4,041,044</u>
<b>Funds</b>					
Unrestricted funds:					
- Designated	20, 21	3,010,471	3,071,311	2,554,300	2,556,608
- General	21	635,520	411,324	598,704	491,452
		<u>3,645,991</u>	<u>3,482,635</u>	<u>3,153,004</u>	<u>3,048,060</u>
Restricted funds	21	11,295,691	12,480,286	186,999	992,984
	21, 22	<u>14,941,682</u>	<u>15,962,921</u>	<u>3,340,003</u>	<u>4,041,044</u>

The financial statements were approved and authorised for issue by the board of directors on 15 September 2023 and signed on its behalf by:

Peter Lawson CBE

Chair



The notes on pages 24 to 52 form part of these financial statements.

**Consolidated and company statement of cash flows**  
**for the year ended 31 March 2023**

		Group		Company	
	Notes	2023	2022	2023	2022
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash (used in)/provided by operating activities	25	(1,318,521)	(791,347)	(1,369,329)	(972,822)
<b>Cash flows from investing activities</b>					
Interest received		18,412	-	1,140	-
Purchase of plant, property and equipment		(233,453)	(99,906)	(214,703)	(99,906)
Proceeds from disposal of plant, property and equipment		11,608	-	11,608	-
<b>Net cash used in investing activities</b>		(203,433)	(99,906)	(201,955)	(99,906)
<b>Cash flows from financing activities</b>					
Repayment of long term loans		(40,002)	(200,000)	-	-
Interest paid		(54,059)	(61,765)	(35,252)	(26,005)
Repayment of hire purchase leases		(8,957)	(21,498)	(8,957)	(21,498)
<b>Net cash used in financing activities</b>		(103,018)	(283,263)	(44,209)	(47,503)
<b>Decrease in cash and cash equivalents in the year</b>		(1,624,972)	(1,174,516)	(1,615,493)	(1,120,231)
Cash and cash equivalents at 1 April	15	575,574	1,750,090	557,176	1,677,407
<b>Cash and cash equivalents at 31 March</b>	15	(1,049,398)	575,574	(1,058,317)	557,176

The notes on pages 24 to 52 form part of these financial statements.

**Notes to the accounts**  
**for the year ended 31 March 2023**

**1. General information**

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charitable group's transactions are denominated. These financial statements are of Scottish Opera and its 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. The company is currently dormant.

Scottish Opera is a private company limited by guarantee, incorporated 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 consolidated financial statements have been prepared in accordance with United Kingdom Accounting Standards, including 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 consolidated 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 charitable group'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 2023**

**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 financial statements 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. Having reviewed the financial forecast for the group for 2023/24, taking into account the draft budgets for 2024/25 and the latest twelve-month cash flow forecast, based on confirmed grant levels for 2023/24 and expectations for 2024/25, the directors are confident that the going concern basis is appropriate for the group.

**c) Basis of consolidation**

The consolidated financial statements 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. Intercompany transactions and balances between group entities are eliminated in full.

**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 group 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 group 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 accounted for when earned.
- Investment income is recognised when receivable and the amount can be measured reliably by the group.
- Other income is recognised when the group is entitled to the income, it is probable that the income will be received and the amount can be measured reliably.

**e) Capital grants and donations**

Income from capital grants and donations for capital purposes are initially credited to restricted funds and once spent are transferred 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 2023**

**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 group 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 group and include the audit fee and costs linked to the strategic management of the group.
- Coronavirus costs include all additional costs incurred due to the global pandemic. These include staff costs of seasonal contract staff not normally contracted for a whole year, compensation to freelance artists and creative teams for postponed or cancelled productions and the write off of other costs due to the postponement or cancellation of productions.

All costs are allocated between expenditure categories of the Statement of Financial Activities 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 expenditure.

**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 £38,431 (2022: £38,521) 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 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.

**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 for 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 2023**

**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 land	-	0%
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 group 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 Statement of Financial Activities 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 Statement of Financial Activities 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 2023**

**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 group 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 group.
- 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.

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

<b>Group</b>	<b>Unrestricted funds</b>		<b>Restricted funds</b>	<b>2022 Total</b>
	<b>General</b>	<b>Designated</b>		
	£	£	£	£
<b>Income</b>				
Donations	8,503,609	-	332,481	8,826,090
Charitable activities	542,818	-	783,744	1,326,562
Other trading activities	645,209	-	30,761	675,970
Investments	-	-	-	-
Coronavirus Job Retention Scheme	652,277	-	-	652,277
<b>Total income</b>	<b>10,343,913</b>	<b>-</b>	<b>1,136,986</b>	<b>11,480,899</b>
<b>Expenditure</b>				
Raising funds	598,083	-	-	598,083
Charitable activities	9,707,870	49,954	1,860,690	11,618,514
Cost of Coronavirus	556,025	-	-	556,025
<b>Total expenditure</b>	<b>10,861,978</b>	<b>49,954</b>	<b>1,860,690</b>	<b>12,772,622</b>
Net expenditure before theatre tax credit and transfers	(518,065)	(49,954)	(723,704)	(1,291,723)
Theatre tax credit	714,487	-	-	714,487
Net income/(expenditure) before transfers	196,422	(49,954)	(723,704)	(577,236)
Gross transfers between funds:				
Release of capital grants	107,288	(107,288)	-	-
Designation of funds	(1,000,000)	1,000,000	-	-
<b>Net movement in funds</b>	<b>(696,290)</b>	<b>842,758</b>	<b>(723,704)</b>	<b>(577,236)</b>

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(Limited by Guarantee)

**Notes to the accounts**  
for the year ended 31 March 2023

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

Company	Unrestricted funds		Restricted funds	2022 Total £
	General £	Designated £		
<b>Income</b>				
Donations	8,503,609	-	321,881	8,825,490
Charitable activities	542,818	-	783,744	1,326,562
Other trading activities	442,980	-	30,761	473,741
Investments	-	-	-	-
Coronavirus Job Retention Scheme	652,277	-	-	652,277
<b>Total income</b>	<u>10,141,684</u>	<u>-</u>	<u>1,136,386</u>	<u>11,278,070</u>
<b>Expenditure</b>				
Raising funds	290,693	-	-	290,693
Charitable activities	9,745,823	-	1,481,881	11,227,704
Cost of Coronavirus	556,025	-	-	556,025
<b>Total expenditure</b>	<u>10,592,541</u>	<u>-</u>	<u>1,481,881</u>	<u>12,074,422</u>
Net expenditure before theatre tax credit and transfers	(450,857)	-	(345,495)	(796,352)
Theatre tax credit	<u>714,487</u>	<u>-</u>	<u>-</u>	<u>714,487</u>
Net income/(expenditure) before transfers	263,630	-	(345,495)	(81,865)
Gross transfers between funds:				
Release of capital grants	107,288	(107,288)	-	-
Designation of funds	(1,000,000)	1,000,000	-	-
<b>Net movement in funds</b>	<u>(629,082)</u>	<u>892,712</u>	<u>(345,495)</u>	<u>(81,865)</u>

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**Notes to the accounts**  
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**6. Income**

**a) Donations**

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Scottish Government Revenue Grant	8,000,000	8,000,000	8,000,000	8,000,000
Scottish Government Additional Funding	86,892	245,000	86,892	245,000
Friends of Scottish Opera	70,528	76,819	70,528	76,819
Fundraising for Theatre Royal	200	600	-	-
Fundraising for core activities	499,118	503,671	499,118	503,671
	<u>8,656,738</u>	<u>8,826,090</u>	<u>8,656,538</u>	<u>8,825,490</u>

The restricted income represents funding from the Scottish Government Additional Funding, Friends of Scottish Opera, Fundraising for Theatre Royal, and funding from private bodies.

**b) Charitable activities**

*Group and Company*

	2023 £	2022 £
Main scale productions and concerts	1,618,065	983,587
Small and medium scale touring	60,176	86,479
Education	218,520	256,496
	<u>1,896,761</u>	<u>1,326,562</u>

The restricted income of £971,537 (2022: £783,744) represents funding from Companies, Trusts, and private individuals.

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**for the year ended 31 March 2023**

**6. Income (cont'd)**

**c) Other trading Income**

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Set and costume construction and hire	375,893	281,561	375,893	281,561
Storage	47,205	34,245	47,205	34,245
Programmes and advertising	36,779	12,064	36,779	12,064
Royalties	-	2,545	-	2,545
Subsidiary trading income	544,782	157,617	133,824	-
Other income	12,339	143,326	12,339	143,326
Ticket levy income	134,416	44,612	-	-
	<u>1,151,414</u>	<u>675,970</u>	<u>606,040</u>	<u>473,741</u>

**7. Expenditure**

*Group - 2023*

	Staff costs £	Depreciation £	Other costs £	2023 Total £
<b>Raising funds</b>				
Fundraising costs	297,454	-	79,727	377,181
Subsidiary trading costs	85,342	1,953	378,019	465,314
Total raising funds	<u>382,796</u>	<u>1,953</u>	<u>457,746</u>	<u>842,495</u>
<b>Charitable activities</b>				
Main scale productions and concerts				
Basic staff costs	3,274,615	-	-	3,274,615
Design, construction, and rehearsal costs	1,109,807	-	2,722,158	3,831,965
Performing costs	289,103	-	2,084,003	2,373,106
Marketing	420,153	-	274,450	694,603
	<u>5,093,678</u>	<u>-</u>	<u>5,080,611</u>	<u>10,174,289</u>
Small and medium scale touring	37,717	-	238,310	276,027
Education	203,217	-	786,344	989,561
Support costs (note 8)	684,366	665,925	1,614,890	2,965,181
Total charitable activities	<u>6,018,978</u>	<u>665,925</u>	<u>7,720,155</u>	<u>14,405,058</u>
	<u>6,401,774</u>	<u>667,878</u>	<u>8,177,901</u>	<u>15,247,553</u>
<b>Total expenditure</b>	<u>6,401,774</u>	<u>667,878</u>	<u>8,177,901</u>	<u>15,247,553</u>

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**Notes to the accounts**  
for the year ended 31 March 2023

**7. Expenditure (cont'd)**

Group - 2022

	Staff costs £	Depreciation £	Other costs £	2022 Total £
<b>Raising funds</b>				
Fundraising costs	266,199	-	24,494	290,693
Subsidiary trading costs	84,800	-	222,590	307,390
<b>Total raising funds</b>	<b>350,999</b>	<b>-</b>	<b>247,084</b>	<b>598,083</b>
<b>Charitable activities</b>				
Main scale productions and concerts				
Basic staff costs	3,077,984	-	-	3,077,984
Design, construction, and rehearsal costs	1,190,942	-	1,444,855	2,635,797
Performing costs	384,442	-	1,383,335	1,767,777
Marketing	364,255	-	266,558	630,813
	5,017,623	-	3,094,748	8,112,371
Small and medium scale touring	33,879	-	211,648	245,527
Education	178,131	-	501,532	679,663
Support costs (note 8)	626,409	643,256	1,311,288	2,580,953
<b>Total charitable activities</b>	<b>5,856,042</b>	<b>643,256</b>	<b>5,119,216</b>	<b>11,618,514</b>
<b>Cost of Coronavirus</b>	<b>549,795</b>	<b>-</b>	<b>6,230</b>	<b>556,025</b>
<b>Total expenditure</b>	<b>6,756,836</b>	<b>643,256</b>	<b>5,372,530</b>	<b>12,772,622</b>

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

	2023 £	2022 £
Design, construction, and rehearsal costs	3,062,650	2,128,287

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**  
**for the year ended 31 March 2023**

**7. Expenditure (cont'd)**

<i>Company - 2023</i>	Staff costs £	Depreciation £	Other costs £	2023 Total £
<b>Raising funds</b>				
Fundraising costs	297,454	-	195,727	493,181
<b>Charitable activities</b>				
Main scale productions and concerts				
Basic staff costs	3,274,615	-	-	3,274,615
Design, construction, and rehearsal costs	1,109,807	-	2,722,158	3,831,965
Performing costs	289,103	-	2,084,003	2,373,106
Marketing	420,153	-	274,450	694,603
	5,093,678	-	5,080,611	10,174,289
Small and medium scale touring	37,717	-	238,310	276,027
Education	203,217	-	786,344	989,561
Support costs (note 8)	684,366	287,115	1,459,970	2,431,451
Total charitable activities	6,018,978	287,115	7,565,235	13,871,328
<b>Total expenditure</b>	6,316,432	287,115	7,760,962	14,364,509
<i>Company - 2022</i>				
	Staff costs £	Depreciation £	Other costs £	2022 Total £
<b>Raising funds</b>				
Fundraising costs	266,199	-	24,494	290,693
<b>Charitable activities</b>				
Main scale productions and concerts				
Basic staff costs	3,077,984	-	-	3,077,984
Design, construction, and rehearsal costs	1,190,942	-	1,444,855	2,635,797
Performing costs	384,442	-	1,383,335	1,767,777
Marketing	364,255	-	266,558	630,813
	5,017,623	-	3,094,748	8,112,371
Small and medium scale touring	33,879	-	211,648	245,527
Education	178,131	-	501,532	679,663
Support costs (note 8)	626,409	264,447	1,299,287	2,190,143
Total charitable activities	5,856,042	264,447	5,107,215	11,227,704
Cost of Coronavirus	549,795	-	6,230	556,025
<b>Total expenditure</b>	6,672,036	264,447	5,137,939	12,074,422

**Notes to the accounts**  
for the year ended 31 March 2023

**7. Expenditure (cont'd)**

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

	2023 £	2022 £
Design, construction and rehearsal costs	3,062,650	2,128,287

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.

Included within the Cost of Coronavirus are:

- Salary costs of the retention of staff, mainly on short term or seasonal contracts, for the year
- Payments to freelance Artists, including choristers, and Creative Teams as compensation for postponed or cancelled productions. These productions were main scale, small scale and education projects.
- Write off of costs expended on shows postponed or cancelled, including marketing costs.

**8. Support costs**

Group - 2023

	Main scale productions and concerts £	Small and medium scale touring £	Education £	2023 Total £
Staff costs	608,655	16,513	59,198	684,366
Depreciation	592,254	16,068	57,603	665,925
Property and telecommunication costs	631,646	17,136	61,434	710,216
Transport and travel costs	41,728	1,132	4,059	46,919
IT costs	170,460	4,625	16,579	191,664
Other repairs and renewals	49,927	1,355	4,856	56,138
Other costs	508,296	13,790	49,437	571,523
Governance costs	34,179	927	3,324	38,430
Total support costs	2,637,145	71,546	256,490	2,965,181

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**Notes to the accounts**  
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**8. Support costs (cont'd)**

*Group – 2022*

	Main scale productions and concerts £	Small and medium scale touring £	Education £	2022 Total £
Staff costs	562,282	17,018	47,109	626,409
Depreciation	577,404	17,476	48,376	643,256
Property and telecommunication costs	485,623	14,698	40,686	541,007
Transport and travel costs	20,291	614	1,700	22,605
IT costs	161,673	4,893	13,545	180,111
Other repairs and renewals	133,693	4,046	11,201	148,940
Other costs	341,193	10,326	28,585	380,104
Governance costs	34,577	1,047	2,897	38,521
Total support costs	<u>2,316,736</u>	<u>70,118</u>	<u>194,099</u>	<u>2,580,953</u>

*Company - 2023*

	Main scale productions and concerts £	Small and medium scale touring £	Education £	2023 Total £
Staff costs	608,655	16,513	59,198	684,366
Depreciation	255,351	6,928	24,836	287,115
Property and telecommunications costs	631,645	17,136	61,434	710,215
Transport and travel costs	41,728	1,132	4,059	46,919
IT costs	170,460	4,625	16,579	191,664
Other repairs and renewals	49,927	1,355	4,856	56,138
Other costs	370,514	10,052	36,037	416,603
Governance costs	34,180	927	3,324	38,431
Total support costs	<u>2,162,460</u>	<u>58,668</u>	<u>210,323</u>	<u>2,431,451</u>

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**Notes to the accounts**  
for the year ended 31 March 2023

**8. Support costs (cont'd)**

*Company - 2022*

	Main scale productions and concerts £	Small and medium scale touring £	Education £	2022 Total £
Staff costs	562,282	17,018	47,109	626,409
Depreciation	237,375	7,184	19,888	264,447
Property and telecommunications costs	485,623	14,698	40,686	541,007
Transport and travel costs	20,291	614	1,700	22,605
IT costs	161,673	4,893	13,545	180,111
Other repairs and renewals	133,693	4,046	11,201	148,940
Other costs	330,420	10,000	27,683	368,103
Governance costs	34,577	1,047	2,897	38,521
Total support costs	<u>1,965,934</u>	<u>59,500</u>	<u>164,709</u>	<u>2,190,143</u>

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

**9. Expenditure – other disclosures**

<i>Group and Company</i>	2023 £	2022 £
Charitable expenditure includes:		
Fees payable to auditor		
-audit services (company 2023 - £28,000, 2022 - £24,800)	45,000	29,200
-taxation	4,550	1,700
Depreciation (company 2023 - £287,115, 2022 - £264,447)	667,878	643,256
Operating lease rentals		
-land and buildings	133,822	133,474
-other	18,090	2,432

**10. Interest payable and similar charges**

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Other interest and charges	54,059	61,765	35,252	26,005
Unwinding of the discount factor (interest charge) (note 18)	58,532	49,954	-	-
	<u>112,591</u>	<u>111,719</u>	<u>35,252</u>	<u>26,005</u>

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**11. Staff costs**

a) Group	2023 £	2022 £
Wages	4,237,740	3,900,018
Social security costs	428,779	362,800
Pension costs	299,701	292,872
	<u>4,966,220</u>	<u>4,555,690</u>

In addition, costs have been incurred in the year totalling £1,751,825 (2022 - £2,027,379) in respect of non- permanent and temporary staff.

	2023 No.	2022 No.
The average number of employees in the year was	178	179

The staff costs detailed in note 7 contains an element of costs brought forward from previous years relating to projects undertaken in the year ended 31 March 2023.

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

	2023 No.	2022 No.
£60,000 - £69,999	3	4
£110,000 - £119,999	-	1
£120,000 - £129,999	1	-
£130,000 - £139,999	1	-
	<u>1</u>	<u>-</u>

For employees in the above bandings, contributions of £39,706 (2022 - £45,460) were made during the year for the provision of money purchase pension benefits.

b) Company	2023 £	2022 £
Wages	4,165,352	3,828,225
Social security costs	420,629	354,720
Pension costs	294,897	287,945
	<u>4,880,878</u>	<u>4,470,890</u>

In addition costs have been incurred in the year totalling £1,751,825 (2022 - £2,027,379) in respect of non- permanent and temporary staff.

	2023 No.	2022 No.
The average number of employees in the year was	176	177

**Notes to the accounts**  
**for the year ended 31 March 2023**

**11. Staff costs (cont'd)**

The average number of employees for 2022 includes employees on fixed term contracts who were retained past their contracted dates during the pandemic and supported by the Coronavirus Job Support Scheme.

The staff costs detailed in note 7 contains an element of costs brought forward from previous years relating to projects undertaken in the year ended 31 March 2023.

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

	2023 No.	2022 No.
£60,000 - £69,999	3	4
£110,000 - £119,999	-	1
£120,000 - £129,999	1	-
£130,000 - £139,999	1	-

For employees in the above bandings, contributions of £39,706 (2022 - £45,460) were made during the year for the provision of money purchase pension benefits.

c) Directors' emoluments – Group and Company	2023 £	2022 £
Emoluments	122,601	119,030
Company contributions paid to pension schemes	19,808	19,522
	2023 No.	2022 No.
Members of money purchase pension schemes	1	1

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.

Expenses were reimbursed to five (2022 – three) directors for travel and accommodation in the year totalling group £9,191, company £9,191 (2022 – group £8,380, company £8,380).

**d) Key management personnel – Group and Company**

Key management personnel comprise the General Director, Music Director, Director of Finance, Director of Planning, Director of Marketing & Communications, Technical Director, Director of HR, Director of Education and Director of Fundraising who received emoluments of £669,474 (2022 - £533,258) and pension contributions of £57,858 (2022 - £56,198). The Employers NIC paid for key management personnel was £88,677 (2022 - £63,822). Expenses totalling £12,000 (2022 - £nil) were reimbursed to key management personnel.

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**12. Fixed assets**

Group	Freehold land and buildings £	Leasehold improve- ments £	Stage machinery and electrical equipment £	Musical instruments £	Office and computer equipment £	Motor vehicles £	Total £
Cost:							
At 1 April 2022	32,017,973	300,750	863,839	291,618	78,626	290,866	33,843,672
Additions	104,664	-	82,335	5,642	22,062	18,750	233,453
Disposals	-	-	-	-	-	(47,846)	(47,846)
At 31 March 2023	32,122,637	300,750	946,174	297,260	100,688	261,770	34,029,279
Aggregate depreciation:							
At 1 April 2022	14,888,690	244,551	712,089	291,618	55,429	274,963	16,467,340
Charge for the year	571,739	28,441	48,344	700	9,031	9,623	667,878
Disposals	-	-	-	-	-	(44,271)	(44,271)
At 31 March 2023	15,460,429	272,992	760,433	292,318	64,460	240,315	17,090,947
Net book value:							
At 31 March 2023	16,662,208	27,758	185,741	4,942	36,228	21,455	16,938,332
At 31 March 2022	17,129,283	56,199	151,750	-	23,197	15,903	17,376,332

Included in Freehold land and buildings is land with a net book value of £132,800 (2022: £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:

	2023 £	2022 £
Lighting desk	21,466	32,198

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for the year ended 31 March 2023

**12. Fixed assets (continued)**

*Company*

	Freehold land and buildings £	Leasehold improve- ments £	Stage machinery and electrical equipment £	Musical instruments £	Office and computer equipment £	Motor vehicles £	Total £
Cost:							
At 1 April 2022	4,580,020	300,750	863,839	291,618	76,330	205,417	6,317,974
Additions	104,664	-	82,335	5,642	22,062	-	214,703
Disposals	-	-	-	-	-	(16,296)	(16,296)
At 31 March 2023	<u>4,684,684</u>	<u>300,750</u>	<u>946,174</u>	<u>297,260</u>	<u>98,392</u>	<u>189,121</u>	<u>6,516,381</u>
Aggregate depreciation:							
At 1 April 2022	3,867,387	244,551	712,089	291,618	53,134	189,513	5,358,292
Charge for the year	192,929	28,441	48,344	700	9,031	7,670	287,115
Disposals	-	-	-	-	-	(12,721)	(12,721)
At 31 March 2023	<u>4,060,316</u>	<u>272,992</u>	<u>760,433</u>	<u>292,318</u>	<u>62,165</u>	<u>184,462</u>	<u>5,632,686</u>
Net book value:							
At 31 March 2023	<u>624,368</u>	<u>27,758</u>	<u>185,741</u>	<u>4,942</u>	<u>36,227</u>	<u>4,659</u>	<u>883,695</u>
At 31 March 2022	<u>712,633</u>	<u>56,199</u>	<u>151,750</u>	<u>-</u>	<u>23,196</u>	<u>15,904</u>	<u>959,682</u>

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

	2023 £	2022 £
Lighting desk	<u>21,466</u>	<u>32,198</u>

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**for the year ended 31 March 2023**

**13. Investments**

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
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%

	Assets £	Liabilities £	Share capital and reserves £	Principal activity
Scottish Opera Theatre Royal Limited (Registered no: SC055506 Charity no: SC014382)	16,170,368	(4,604,505)	11,565,863	Ownership of Theatre Royal
Scottish Opera Services Limited (Registered no: SC223296)	333,875	(422,103)	(88,228)	Supply of transport services
Edington Productions Limited (Registered no: SC484377)	10	-	10	Production company

	Income £	Expenditure £	Net (expenditure)/ income £
Scottish Opera Theatre Royal Limited	151,888	(589,030)	(437,142)
Scottish Opera Services Limited	466,258	(465,314)	944
Edington Productions Limited	-	-	-

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

The registered office of each subsidiary is 39 Elmbank Crescent, Glasgow, G2 4PT.

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**14. Debtors**

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	291,559	256,435	193,410	160,346
Other debtors	101,034	223,339	65,279	226,339
Other taxes	132,793	171,737	130,465	171,640
Future productions expenditure	562,519	602,680	562,519	602,680
Prepayments and accrued income	76,596	188,953	76,596	188,953
Amount due from subsidiaries	-	-	1,542,076	1,469,756
Theatre tax credit	2,500,000	698,019	2,500,000	698,019
	<u>3,664,501</u>	<u>2,144,163</u>	<u>5,070,345</u>	<u>3,517,733</u>

Included in future production expenditure are amounts of £75,000 (2022: £17,977) due after more than one year.

Trade debtors for the group and company is shown net of the bad debt provision of £2,400 (2022 - £4,630). Movements in the bad debt provision are included within support costs.

Amounts due from subsidiaries for the company is shown net of the bad debt provision of £116,000 (2022 - £nil). Movements in the bad debt provision are included within fundraising costs.

**15. Cash and cash equivalents**

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Cash at bank and in hand	34,273	598,102	25,354	579,704
Bank overdraft (note 16)	(1,083,671)	(22,528)	(1,083,671)	(22,528)
	<u>(1,049,398)</u>	<u>575,574</u>	<u>(1,058,317)</u>	<u>557,176</u>

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

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank overdraft (note 15)	1,083,671	22,528	1,083,671	22,528
Trade creditors	331,485	285,618	610,388	441,954
Other taxes and social security costs	172,883	142,304	159,029	142,304
Accruals and other obligations	803,558	410,972	787,315	401,344
Loans (note 18)	163,815	154,005	-	-
Hire purchase creditor (note 19)	-	8,957	-	8,957
	<u>2,555,412</u>	<u>1,024,384</u>	<u>2,640,403</u>	<u>1,017,087</u>

The bank overdraft is secured on the freehold property at Edington Street. Waterside Places (General Partner Limited) holds a standard security on the freehold property at Edington Street.

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**17. Creditors: amounts falling due after more than one year**

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Loans (note 18)	3,140,012	3,131,292	-	-

**18. Other loans**

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
£4,000,000 loan at 0.5%, repayable in annual instalments	2,583,827	2,525,891	-	-
£1,000,000 loan at 2.47%, repayable in annual instalments	720,000	759,406	-	-
Less: Included in creditors: amounts falling due within one year (note 16)	(163,815)	(154,005)	-	-
	3,140,012	3,131,292	-	-
	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Amounts repayable:				
In one year or less (note 16)	163,815	154,005	-	-
Between one and two years	165,859	156,059	-	-
Between two and five years	510,325	481,022	-	-
In more than five years	2,463,828	2,494,211	-	-
	3,303,827	3,285,297	-	-

The loan from Glasgow City Council is secured by a fixed charge on the group's freehold property at Hope Street.

**Notes to the accounts**  
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**18. 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 2023 is £3,303,827 (2022 - £3,285,297).

	2023 £	2022 £
Provision at 1 April	3,285,297	3,435,343
Unwinding of the discount factor (interest charge) (note 10)	58,532	49,954
Payment	(40,002)	(200,000)
Provision at 31 March	<u>3,303,827</u>	<u>3,285,297</u>

**19. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Not later than one year	-	8,957	-	8,957

**20. 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.

In previous years, the board decided that part of the theatre tax credit would be designated against future new productions. The board also designated part of the costs saved due to the global pandemic to be used to enable the company to recover during the financial years 2023/24 and 2024/25.

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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**21. Funds**

Group - 2023	As at 31 March 2022 £	Income £	Expenditure £	Theatre tax credit £	Transfers £	As at 31 March 2023 £
<b>Restricted funds</b>						
Advance funding	11,785,508	86,892	(697,004)	-	-	11,175,396
Fundraising	694,778	1,052,265	(1,626,748)	-	-	120,295
	<u>12,480,286</u>	<u>1,139,157</u>	<u>(2,323,752)</u>	<u>-</u>	<u>-</u>	<u>11,295,691</u>
<b>Unrestricted funds –</b>						
General	411,324	10,584,168	(12,865,269)	2,502,989	2,308	635,520
<b>Unrestricted funds –</b>						
Designated						
Capital grants and donations	2,308	-	-	-	(2,308)	-
Theatre tax credit	154,300	-	-	-	-	154,300
Future projects	2,400,000	-	-	-	-	2,400,000
Discounting of loans	514,703	-	(58,532)	-	-	456,171
	<u>3,071,311</u>	<u>-</u>	<u>(58,532)</u>	<u>-</u>	<u>(2,308)</u>	<u>3,010,471</u>
	<u>15,962,921</u>	<u>11,723,325</u>	<u>(15,247,553)</u>	<u>2,502,989</u>	<u>-</u>	<u>14,941,682</u>
<b>Group - 2022</b>	<b>As at 31 March 2021 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Theatre tax credit £</b>	<b>Transfers £</b>	<b>As at 31 March 2022 £</b>
<b>Restricted funds</b>						
Advance funding	12,077,674	245,000	(537,166)	-	-	11,785,508
Fundraising	1,126,316	891,986	(1,323,524)	-	-	694,778
	<u>13,203,990</u>	<u>1,136,986</u>	<u>(1,860,690)</u>	<u>-</u>	<u>-</u>	<u>12,480,286</u>
<b>Unrestricted funds –</b>						
General	1,107,614	10,343,913	(10,861,978)	714,487	(892,712)	411,324
<b>Unrestricted funds –</b>						
Designated						
Capital grants and donations	109,596	-	-	-	(107,288)	2,308
Theatre tax credit	154,300	-	-	-	-	154,300
Future projects	1,400,000	-	-	-	1,000,000	2,400,000
Discounting of loans	564,657	-	(49,954)	-	-	514,703
	<u>2,228,553</u>	<u>-</u>	<u>(49,954)</u>	<u>-</u>	<u>892,712</u>	<u>3,071,311</u>
	<u>16,540,157</u>	<u>11,480,899</u>	<u>(12,772,622)</u>	<u>714,487</u>	<u>-</u>	<u>15,962,921</u>

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**21. Funds (cont'd)**

<i>Company - 2023</i>	As at 31 March 2022 £	Income £	Expenditure £	Theatre tax credit £	Transfers £	As at 31 March 2023 £
Restricted funds						
Advance funding	298,806	86,892	(318,194)	-	-	67,504
Fundraising	694,178	1,052,065	(1,626,748)	-	-	119,495
	<u>992,984</u>	<u>1,138,957</u>	<u>(1,944,942)</u>	<u>-</u>	<u>-</u>	<u>186,999</u>
Unrestricted funds - General	491,452	10,021,522	(12,419,567)	2,502,989	2,308	598,704
Unrestricted funds - Designated						
Capital grants and donations	2,308	-	-	-	(2,308)	-
Theatre tax credit	154,300	-	-	-	-	154,300
Future projects	2,400,000	-	-	-	-	2,400,000
	<u>2,556,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,308)</u>	<u>2,554,300</u>
	<u>4,041,044</u>	<u>11,160,479</u>	<u>(14,364,509)</u>	<u>2,502,989</u>	<u>-</u>	<u>3,340,003</u>
<i>Company - 2022</i>	As at 31 March 2021 £	Income £	Expenditure £	Theatre tax credit £	Transfers £	As at 31 March 2022 £
Restricted funds						
Advance funding	212,163	245,000	(158,357)	-	-	298,806
Fundraising	1,126,316	891,386	(1,323,524)	-	-	694,178
	<u>1,338,479</u>	<u>1,136,386</u>	<u>(1,481,881)</u>	<u>-</u>	<u>-</u>	<u>992,984</u>
Unrestricted funds - General	1,120,534	10,141,684	(10,592,541)	714,487	(892,712)	491,452
Unrestricted funds - Designated						
Capital grants and donations	109,596	-	-	-	(107,288)	2,308
Theatre tax credit	154,300	-	-	-	-	154,300
Future projects	1,400,000	-	-	-	1,000,000	2,400,000
	<u>1,663,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>892,712</u>	<u>2,556,608</u>
	<u>4,122,909</u>	<u>11,278,070</u>	<u>(12,074,422)</u>	<u>714,487</u>	<u>-</u>	<u>4,041,044</u>

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**21. 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 20 above.

**Funds transfers**

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

The Board transferred £1m in 2021/22 to increase the designated fund to enable the group and company to recover from the global pandemic during the financial years 2023/24 and 2024/25.

**22. Analysis of funds among net assets**

*Group - 2023*

	Total £	Unrestricted funds		Restricted funds £
		General £	Designated £	
Fixed assets	16,938,332	892,822	-	16,045,510
Current assets	3,698,774	1,741,737	2,554,300	(597,263)
Current liabilities	(2,555,412)	(1,999,039)	-	(556,373)
Long term liabilities	(3,140,012)	-	456,171	(3,596,183)
Total	14,941,682	635,520	3,010,471	11,295,691

*Group - 2022*

	Total £	Unrestricted funds		Restricted funds £
		General £	Designated £	
Fixed assets	17,376,332	949,704	2,308	16,424,320
Current assets	2,742,265	43,076	2,554,300	144,889
Current liabilities	(1,024,384)	(581,456)	-	(442,928)
Long term liabilities	(3,131,292)	-	513,703	(3,645,995)
Total	15,962,921	411,324	3,071,311	12,480,286

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**22. Analysis of funds among net assets (cont'd)**

*Company - 2023*

	Total	Unrestricted funds		Restricted funds
	£	General	Designated	£
Fixed assets	884,707	884,707	-	-
Current assets	5,095,699	2,354,400	2,554,300	186,999
Current liabilities	(2,640,403)	(2,640,403)	-	-
<b>Total</b>	<b>3,340,003</b>	<b>598,704</b>	<b>2,554,300</b>	<b>186,999</b>

*Company - 2022*

	Total	Unrestricted funds		Restricted funds
	£	General	Designated	£
Fixed assets	960,694	958,386	2,308	-
Current assets	4,097,437	550,153	2,554,300	992,984
Current liabilities	(1,017,087)	(1,017,087)	-	-
<b>Total</b>	<b>4,041,044</b>	<b>491,452</b>	<b>2,556,608</b>	<b>992,984</b>

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**23. Obligations under operating leases**

Commitments under non-cancellable operating leases are as follows:

	2023 Land & buildings £	2023 Other £	2022 Land & buildings £	2022 Other £
<i>Group and company</i>				
Operating leases which expire:				
Not later than one year	133,474	17,588	133,474	405
Later than one year and not later than five years	214,224	41,781	248,448	-
Later than five years	-	-	45,000	-
	<u>347,698</u>	<u>59,369</u>	<u>426,922</u>	<u>405</u>

**24. 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.

**25. Cash flow statement notes**

Net cash provided by operating activities

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Net (expenditure)/income on ordinary activities	224,196	(696,290)	107,252	(629,082)
Net income in restricted and designated funds	(1,245,435)	119,054	(808,293)	547,217
Interest receivable	(18,412)	-	(1,140)	-
Interest payable	54,059	61,765	35,252	26,005
Depreciation	667,878	643,256	287,115	264,447
(Increase)/decrease in debtors	(1,520,338)	(1,222,040)	(1,552,612)	(1,490,090)
Increase/(decrease) in creditors	469,032	252,954	571,130	308,681
(Gain)/loss on disposal of plant, property and equipment	(8,033)	-	(8,033)	-
Unwinding of the discount factor (interest charge)	58,532	49,954	-	-
	<u>(1,318,521)</u>	<u>(791,347)</u>	<u>(1,369,329)</u>	<u>(972,822)</u>

**Notes to the accounts**  
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**25. Cash flow statement notes (continued)**

Analysis of net debt

<i>Group</i>	At 1 April 2022 £	Cash flows £	Other changes £	At 31 March 2023 £
Cash and cash equivalents	575,574	(1,624,972)	-	(1,049,398)
Loans falling due within one year	(154,005)	(40,002)	30,192	(163,815)
Loans falling due in more than one year	(3,131,292)	-	(8,720)	(3,140,012)
Hire purchase creditor falling due within one year	(8,957)	8,957	-	-
	<u>(2,718,680)</u>	<u>(1,656,017)</u>	<u>21,472</u>	<u>(4,353,225)</u>
<i>Company</i>	At 1 April 2022 £	Cash flows £	Other changes £	At 31 March 2023 £
Cash and cash equivalents	557,176	(1,615,493)	-	(1,058,317)
Hire purchase creditor falling due within one year	(8,957)	8,957	-	-
	<u>548,219</u>	<u>(1,606,536)</u>	<u>-</u>	<u>(1,058,317)</u>

**26. Commitments**

The group/company is committed to contracts with guest artistes, etc. and other costs in connection with future productions in the sum of £287,170 (2022 - £339,390) of which £287,170 (2022 - £339,390) relates to the year to 31 March 2024 and £nil (2022 - £nil) relates to later years. These amounts have not been included in the accounts.

**27. 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 £299,701 for the group and £294,897 for the company (2022 - £292,872 and £287,945 respectively). At 31 March 2023 contributions amounting to £53,649 (2022 - £51,780) were payable to the funds. This amount is included within accruals and other obligations.

**Notes to the accounts**  
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**28. Contingent liabilities**

There are contingent liabilities totalling £7,393,796 (2022 - £7,393,796) for the group and £2,336,796 (2022 - £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 group and company's technical centre at Edington Street, Glasgow. Standard securities have been granted in favour of Creative Scotland over the group's freehold property at Hope Street, Glasgow.

**29. Related party transactions**

The company paid £55,000 (2022: £82,565) to its wholly-owned subsidiary Scottish Opera Services Limited during the year for transport services. At 31 March 2023 the company was owed £397,465 (2022: £304,398) by Scottish Opera Services Limited, which is stated net of a provision of £116,000 (2022: £nil), and owed a balance of £296,285 (2022: £241,485) to Scottish Opera Services Limited. At 31 March 2023 a balance of £1,260,622 (2022: £1,165,359) was owed to the company by subsidiary Scottish Opera Theatre Royal Limited. Amounts due are unsecured, interest-free and repayable on demand.

During the year, the group/company made purchases of £7,940 (2022 - £1,410) for legal services and received sponsorship income of £10,000 (2022 - £nil) from Miller Samuel Hill Brown LLP. The director Peter Lawson is a member of this entity.

At the year-end, the group/company owed the Scottish Opera Endowment Trust £216,503 (2022 - £46,778). The director Peter Lawson is a trustee of this entity.