



Scottish Opera (Limited by Guarantee)

Report and Accounts

31 March 2021



COMPANIES HOUSE
20 DEC 2021
EDINBURGH MAILBOX

Registered no. SC037531
Registered Charity no. SC019787

Scottish Opera
(Limited by Guarantee)

Registered No: SC037531

Company Information

Directors

Peter Lawson	(Chair)
John McCormick	(Vice chair)
Dorothy Miell OBE	(Vice chair)
Alison Brimelow CBE	
Jessica Burns	
Elizabeth Cameron	
Neil Campbell	
Roberta Doyle	
May Ferries	
Andrew Lockyer	
Alex Reedijk	(General Director)
Jennifer Slack	

Secretary

Judith Patrickson FCA BFP DChA

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

Chair's statement

This year has brought challenges for Scottish Opera not seen in my lifetime, with the global pandemic posing significant challenges and threats to our organisation. However, the adventurous spirit, the transformative business changes embracing digital (that had been previously put in place) and the resilience built into the Company, have enabled us to navigate the uncertainty brought by the pandemic with a sense of flair, pride and considerable passion.

As a keen supporter of the performing arts, it has been really difficult not having the regular opportunity to be a part of live performances. But Scottish Opera provided us with a refreshing taste of that at the time when Scottish Government restrictions were briefly relaxed in late summer 2020. I congratulate everyone involved – staff, creatives and audiences, for their willingness, quick thinking and excellent collaboration to make these performances happen.

Investing in and developing new talent has managed to remain at the heart of Scottish Opera's vision, despite the pandemic. The 2020/21 Emerging Artists singers were able to embed themselves within Scottish Opera, with a programme of filmed performances that meant their talent was enjoyed by thousands of people in Scotland and beyond, not only through the filmed Opera Highlights, but also in films of Mozart's *Così fan tutte*, and later in Donizetti's *L'elisir d'amore*.

We remain grateful to the Scottish Government, for its continued support and commitment to core funding. In particular, we are indebted to Fiona Hyslop who was Cabinet Secretary for Culture, Tourism and External Affairs for the enthusiasm and dedication she demonstrated to Scottish Opera throughout her ten years in post.

I cannot thank our supporters – audiences, trusts, foundations, businesses and individual donors – enough for everything they have done to support Scottish Opera through these hugely challenging times. Your support has been constant and the commitment you make is never taken for granted by staff and board.

The Board meets quarterly, supported by more frequent meetings of the Finance and General Purposes Committee. During the year, we welcomed May Ferries as a Director to the Board while we were sad to see Anthony Burton retire.

We recognise that there are many external influences at play, in particular how we may emerge from the pandemic, and the on-going issues of worldwide touring and travel regulations, including how we continue to work with co-producers and hire out productions to opera houses.

The Board and Senior Management Team, in particular, have demonstrated expert leadership, determination, resilience and enthusiasm, and for this, I extend my gratitude. The commitment and effort of the entire team at Scottish Opera to switch from live work to a digital programme is to be applauded. We are ready to emerge from the pandemic with many more tools in our box, necessary to achieve our global digital ambitions. We are also, most importantly, looking forward to welcoming our audiences back in our theatres and venues as soon as we are able!

Peter Lawson
Chair of Scottish Opera

17 December 2021

General Director's report

Scottish Opera

Welcome to my report for 2020/21. The COVID-19 pandemic has gravely impacted all segments of the performing arts across the world, and the lives of millions who rely on our industry. Scottish Opera has however, had a strong year in spite of the challenges presented by COVID-19, from supporting our nation with making scrubs and PPE, maintaining jobs through the Coronavirus Job Retention Scheme (CJRS), releasing a series of films through learning new digital skills and making the most of outdoor performances. Our supporters have remained loyal and audiences have been both appreciative of and inspired by our adaptability.

The financial year can be summarised as follows:

- 700 sets of scrubs made for NHS Scotland
- 84 films posted on Youtube with a total of 187,364 views
- 2,079 people saw Pop-up Opera at 46 performances
- We sold out all 6 of our performances of the outdoor production of *La bohème*
- 27,984 people from 66 different countries took part in our online Primary Schools Project *Fever!*
- Festival collaborations with Edinburgh International, Lammermuir and Perth
- Awarded a Classical Music Digital Award 2020

In total 190,000 people experienced Scottish Opera in 2020/21 reaching right across Scotland and internationally to 66 countries.

This was Music Director Stuart Stratford's fifth year with Scottish Opera. His energy and enthusiasm continues to play a key part in shaping the Company's artistic success, with his imaginative programming being the pillar of Scottish Opera: On Screen (a series of opera films made throughout lockdown) and enabling Scottish Opera to be the only Scottish National Performing Company to present live performances (outdoors) during the 2020 pandemic.

Commissioned in 2018, the launch of Scottish Opera's first "Opera Short", *The Narcissistic Fish* captured the imagination of thousands in June 2020, with over 61,000 national and international views on YouTube. It also won a 2020 Classical Music Digital Award and was a special feature at Aberdeen's Sound Festival in January 2021.

There were successful collaborations with the Edinburgh International Festival, Lammermuir and Perth Festivals as well as radio broadcasts of two operas on BBC Radio Scotland.

Scottish Opera made a commitment to not only support staff throughout lockdown via the CJRS, but were also able to retain on the payroll those whose fixed term contracts ended during the pandemic. Because of this, Scottish Opera spent £1.8m on additional staff costs including salary, pension and national insurance costs, a portion of which was claimed back through the furlough scheme.

Scottish Opera also supported 262 self-employed people – creatives, musicians, actors, choristers, technical staff and chaperones, all of whom were paid for performances that were cancelled or postponed.

The total number of people who benefitted in the financial year from the Furlough Scheme was 182. The Company retained 196 employees on the payroll.

Scottish Opera is committed to the principles of equal opportunities and equal treatment of all employees and artists. The Company is developing a strategy for equality, diversity and inclusion, in all areas including backstage, creative teams and casting.

General Director's report

The Company received standstill funding in the 2021/22 budget announced by the Scottish Government in January 2021 and we remain grateful for their continued support. While Scottish Opera is a strong going concern, we are yet to understand fully the long-term impact of COVID-19 on our ability to produce and present opera, and audiences' willingness to return to our theatres and halls creates some uncertainty for our future. Nonetheless, we believe that a vibrant opera company in Scotland will play a more important role than ever for audiences and in schools and community settings the length and breadth of the country.

Scottish Opera Online Performances

In response to the pandemic, between April 2020 and March 2021, Scottish Opera launched six new films as part of the newly-created Scottish Opera: On Screen. This included a world premiere, four new productions of semi-staged operas and a film for Opera Highlights A film for South Lanarkshire Council was also made, for launch in April 2021.

- The Narcissistic Fish
- The Telephone
- The Diary of One Who Disappeared
- Opera Highlights Online
- Così fan tutte
- Hansel & Gretel

Planned live performances for the end of the 19/20 Season and the whole of the 20/21 Season were postponed. At the start of the pandemic, a tranche of other short-form films were made by members of The Orchestra of Scottish Opera, freelance choristers and Scottish Opera Emerging Artists. We think the best of these was a recording of 'Dance a Cachucha' (*The Gondoliers*) which included all of the Orchestra and the production's chorus.

The Narcissistic Fish had its premiere online in June 2020, a digital opera ("opera short") composed by former Composer-in-Residence Samuel Bordoli with libretto by Jenni Fagan. This film starred 2019/20 Emerging Artists Arthur Bruce, Charlie Drummond and Mark Nathan, and captured the imagination of people in lockdown, with over 60,000 views, and many of those first-timers to opera.

The Telephone, a short opera by Gian Carlo Menotti for two singers (Soraya Mafi and Jonathan McGovern) and orchestra was filmed on location in the Kings Theatre bar in Edinburgh. Its release was a highlight of The Edinburgh International Festival 2020 with The Scotsman claiming it was "Worth an Oscar... it is the absolute jewel of the YouTube musical content within the EIF's 'My Light Shines On' package."

The Diary of One Who Disappeared was the first of several films made at the Theatre Royal, Glasgow, ensuring work for our chorus and backstage theatre staff who would otherwise not have any income. This film involved a group of musicians from The Orchestra of Scottish Opera as well as tenor Ed Lyons, who was a late replacement for an indisposed Nicky Spence. They were joined by Lucy Schauer, Sioned Gwen Davies, Scottish Opera Associate Artist Heather Ireson and Scottish Opera Emerging Artist Catriona Hewilson.

Opera Highlights normally tours to around 35 venues each year across the length and breadth of Scotland. Because of the pandemic, we created a film with our four 2020/21 Emerging Artists: Catriona Hewilson, Margo Arsane, Shengzhi Ren and Arthur Bruce. We are grateful to the Friends of Scottish Opera for supporting this film.

Our four Emerging Artists were also the stars in Mozart's *Così fan tutte*, directed by Scottish Opera Staff Director Roxana Haines. They were joined by Charlie Drummond (Emerging Artist 2019/20) and Jette Parker Young Artist Michael Mofidian. Music Director Stuart Stratford conducted The Orchestra of Scottish Opera and chorus. This film was able to have a special cinema screening in Inverness.

Scottish Opera (Limited by Guarantee)

General Director's report

Scottish Opera Online Performances (continued)

The Emerging Artists are kindly supported by The Robertson Trust, Elizabeth Salvesen, Idlewild Trust and Scottish Opera's Emerging Artist Benefactors.

The final film to be premiered in 2020/21 was Humperdinck's *Hansel and Gretel*. In a new staging from Daisy Evans, it features Kathleen Ferrier Award-winner Kitty Whately as Hansel and Rhian Lois as Gretel, alongside Nadine Benjamin, Phillip Rhodes, former Scottish Opera Emerging Artist Charlie Drummond and a small chorus. The Orchestra of Scottish Opera was conducted by David Parry.

Scottish Opera Live Performances

Restrictions in Scotland eased in late Summer 2020, long enough for a 6-date run of *La bohème* under a canopy in Scottish Opera's Edington Street car park. The performances were a sell-out for socially-distanced audiences and much praise has been received for Scottish Opera putting these performances on at all – the only Scottish National Performing Company to do so.

For the rest of the country, we reconfigured our annual Pop-up Opera tour to allow five performers to be socially-distanced on a "stage" – which was a trailer with the curtain-sides open. On offer were two cleverly re-written 25-minute versions of the full operas, *A Little Bit of Don Giovanni* and *A Little Bit of The Gondoliers*, and an entirely new work, *The Song of The Clyde*, created especially for families. All tickets were free, with audiences socially-distanced outside. The tour included venues such as The Beacon Arts Centre in Greenock, Platform Theatre in Easterhouse, The Riverside Museum in Glasgow, Eden Court in Inverness, Heart of Hawick in the Borders, Slessor Gardens in Dundee, Edinburgh Zoo and the Museum of Flight in East Lothian. In total, there were 46 performances playing to 2,079 people.

The Orchestra of Scottish Opera

Music Director Stuart Stratford continued to conduct The Orchestra of Scottish Opera, in the films that were made and at the outdoor production of *La bohème*. With far fewer performance dates, our orchestral musicians were able to make use of flexible furlough.

Following successful performances at the Lammermuir Festival in 2018 and 2019, the 2020 Festival was online and featured Scottish Opera in the semi-staged film of Janáček's *The Diary of One Who Disappeared*.

Scottish Opera External Support

Income generated through fundraising for the year 2020/21 totalled £1,421,275. We are grateful to all of our donors, who helped us to continue reaching audiences from babies to adults, in a huge range of styles and formats, with our online work. Special mention must be made of those who supported our talented props and wardrobe staff, with gifts to help them as they designed and made PPE for NHS and care settings around Glasgow. Special thanks are due to Dunard Fund, the Garfield Weston Foundation (Cultural Recovery Fund), to the members of Scottish Opera's Syndicate and the Binks Trust, who provided significant support during a very challenging time.

We are very fortunate to have 428 loyal and committed annual supporters giving through our Alexander Gibson Circle, Emerging Artists programme, Education Angels scheme, Music Director's Circle and the New Commissions Circle, and 907 Friends of Scottish Opera.

General Director's report

Scottish Opera External Support (continued)

The grants we received from 29 Charitable Trusts and Foundations were important in helping us realise our artistic ambitions, creating new work and reaching audiences by new means. We are especially grateful to those supporters who agreed to pause their grants as many of our outreach programmes had to be suspended, with a view to resuming giving when we are able to re-start these projects.

We also wish to thank the businesses including Baillie Gifford, NVT and Capital Document Solutions, that support 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, continuing to receive 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 so grateful both to our supporters who have helped us by leaving a gift, and those who have pledged to do so in the future through the Dame Janet Baker Circle.

Scottish Opera Education

The COVID-19 pandemic has had a dramatic impact on the Company's award-winning education and outreach programme, as it could no longer provide for large sections of the communities it serves, in particular older adults and young children.

When the Primary Schools Tour of *Warriors! The Emperor's Incredible Army* was brought to an abrupt halt in March 2020, the team changed tactic to create a pack of digital materials for *Fever!* Designed for 8-12 year olds, with key learning outcomes of Curriculum for Excellence in mind, *Fever!* was initially distributed to Scottish schools who shared the links with pupils through their online learning portals. In the end, it attracted views and downloads from all over the UK, and was accessed by participants in Chicago, Dubai, Copenhagen, Paris, LA, Beijing and Brisbane. The final presentation was a live version of the show, with over 200 families taking part, participating in the songs and dances, interacting with the cast through request shout-outs and mentions as well as communicating with each other through the live chat. A lot of positive feedback was received such as this: "Thank you so much for *Fever!* Honestly, it was the best learning thing we did together over lockdown... It's been the only thing suggested by the school that hasn't provoked groans. **Your commitment to quality education for primary aged children is just brilliant and makes me feel very proud.** I used to be a teacher and some years ago you came to the school I was teaching in, and did *Fever!* It was so lovely to revisit it."

FoxTrot!, our opera for 12 to 24 months old created by composer Liam Paterson and Staff Director Roxana Haines, is a highly imaginative, magical journey of discovery for those taking their first small steps into the big wide world. Instead of touring this across Scotland as was planned, we turned it into a set of online activities and videos for parents and carers to do with their young ones. The content was much appreciated by 6,936 families during lockdown.

Having completed our classroom work of *Tiny Chef* (a series of creative workshops that explored both Chinese and Scottish cuisine, the associated vocabulary, literacy and numeracy in both Mandarin and English in line with A Curriculum for Excellence) prior to lockdown, we were able to turn the story featuring some of the pupils' work into a digital book. In December 2020 it was distributed to all 157 Confucius Classroom Schools in Scotland, and is now being enjoyed by school pupils across Scotland.

General Director's report

Scottish Opera Education (continued)

Following on from a successful pilot of a new project called *Meet the Brassketeers* which was developed by three brass players from The Orchestra of Scottish Opera, and realising we would not be able to get into primary schools to continue the project, we opted to adapt the project for online, which included making an animation and a pack of lesson plans combining music and numeracy aimed at 5 to 8 year olds. The materials were completed, ready for launching in time with the 50th anniversary of the Scottish Opera education programme in April 2021.

Both the Young Company and the Young Company Gateway have been lifelines for exceptional young Scottish talent. Their production of Stephen Sondheim's *The Frogs* had been due to be performed in April 2020, but was sadly pulled due to lockdown. Instead, the Young Company have maintained regular sessions on Zoom, working towards a performance in Summer 2021. Our Community Choir continued to meet weekly online during lockdown, with an average attendance of 35. This has proved to be a crucial piece of contact for all of the members.

I close my report by expressing my immense gratitude for the patience, dedication and energy that the many skilled and creative people who choose to work with and for Scottish Opera have shown throughout this difficult time. We have had to make difficult decisions and create work differently, knowing our plans would likely change given the uncertainty in the changing legislative environment. I couldn't be more grateful to the resilience, flexibility, kindness and determination shown by everyone who has been part of the Scottish Opera 'family' in the past year, particularly my senior team colleagues.

A huge thank you to all those who have engaged in our digital activity, and those who were able to see us perform at *La bohème* and Pop-up Opera. Thank you especially for the many messages of support and all of the donations – regular ones as well as one-offs.

I look forward very much to being able to welcome each and every one of you back to our places of work and venues when it is safe to resume in a post-COVID society.

Alex Reedijk
General Director

17 December 2021

Scottish Opera (Limited by Guarantee)

Directors' report (incorporating the Strategic Report)

The Directors present their Directors' report (incorporating the Strategic Report), and accounts for the year ended 31 March 2021.

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 review and future developments

A review of the main business activities, group results and future developments is included in the Chair's statement on page 2 and the General Director's report on pages 3 to 7.

Scottish Opera (Limited by Guarantee)

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.

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 2021/22, taking into account the current and ongoing impact of COVID-19 pandemic, based on confirmed grant levels for 2021/22 and expectations for 2022/23, the directors are confident that the going concern basis is appropriate for the group.

Reserves policy

At 31 March 2021 the group's unrestricted general reserves amounted to £1,107,614 (2020: £994,560), unrestricted designated reserves of £2,228,553 (2020: £1,007,499) and restricted reserves of £13,203,990 (2020: £12,533,507).

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.

The impact of the COVID-19 pandemic resulted in an unanticipated increase in reserves at 31 March 2021. However, with the continuation of the pandemic these reserves will be required to enable the company to return to live performances.

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 2021, the general, undesignated reserves were 9% of income (2020: 8%).

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 (Chair), John McCormick (Vice chair), Dorothy Miell, (Vice Chair), Alison Brimelow, Jessica Burns, Elizabeth Cameron, Neil Campbell, Roberta Doyle, May Ferries, Andrew Lockyer, Alex Reedijk, and Jennifer Slack.

The Board Sub-Committees are:

Finance & General Purposes Committee

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

Finance

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

Governance

- Review governance arrangements and act as the main regulatory committee
- Review, in consultation with the Nomination Committee, all matters relating to the appointment of Directors and the duration of their membership of the Board
- 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 5 non-executive Board Members. A quorum shall consist of any 3 from these 5 people.

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

The members of the Committee are:

John McCormick (Chair), Alison Brimelow, Jessica Burns, Neil Campbell and Dorothy Miell.

Audit Committee

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

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

The Audit Committee met 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	(Chair)
John McCormick	(Vice chair)
Dorothy Miell OBE	(Vice chair)
Alison Brimelow CBE	
Jessica Burns	
Anthony Burlton OBE	(retired 19 September 2020)
Elizabeth Cameron	
Neil Campbell	
Robertla Doyle	
May Ferries	(appointed 18 September 2020)
Andrew Lockyer	
Alex Reedijk	(General Director)
Jennifer Slack	

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.

Auditor

A resolution to reappoint Azets Audit Services as the auditor will be put to the members at the Annual General Meeting.

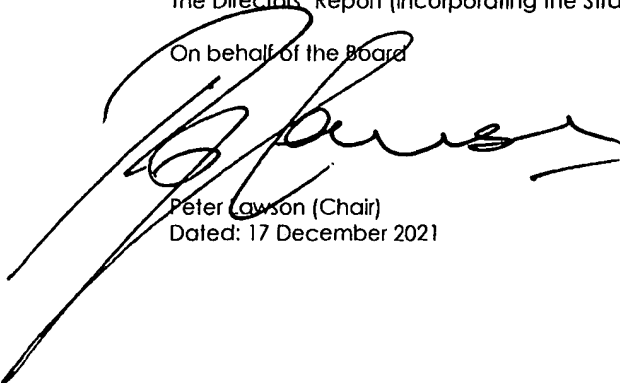
Directors statement as to disclosure of information to the Auditor

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

- a) there is no relevant information of which the group's auditor is unaware and;
- b) the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the 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 (Chair)
Dated: 17 December 2021

Scottish Opera
(Limited by Guarantee)

**Independent auditor's report
to the Directors and Members of Scottish Opera (Limited by Guarantee)
for the year ended 31 March 2021**

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 2021 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 2021 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)

Independent auditor's report
to the Directors and Members of Scottish Opera (Limited by Guarantee)
for the year ended 31 March 2021

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).

Scottish Opera

(Limited by Guarantee)

Independent auditor's report to the Directors and Members of Scottish Opera (Limited by Guarantee) for the year ended 31 March 2021

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 12 and 13, 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Scottish Opera
(Limited by Guarantee)

Independent auditor's report
to the Directors and Members of Scottish Opera (Limited by Guarantee)
for the year ended 31 March 2021

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

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

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

- we identified the laws and regulations applicable to the group and parent charitable company through discussions with management, and from our commercial 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 parent charitable company, including the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), taxation legislation and data protection, anti-bribery, environmental, employment, 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.

We assessed the susceptibility of the group and parent 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.

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 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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 correspondence with HMRC and the group and parent charitable company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Scottish Opera
(Limited by Guarantee)

Independent auditor's report
to the Directors and Members of Scottish Opera (Limited by Guarantee)
for the year ended 31 March 2021

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: 17 December 2021

Scottish Opera
(Limited by Guarantee)

Consolidated statement of financial activities and income and expenditure account
for the year ended 31 March 2021

	Notes	Unrestricted funds General £	Designated £	Restricted funds £	2021 Total £	2020 Total £
Income						
Donations	6a	8,439,862	-	1,223,744	9,663,606	9,127,351
Charitable activities	6b	100,153	-	164,530	264,683	2,979,504
Other trading activities	6c	218,119	-	-	218,119	770,323
Investments		730	-	-	730	2,881
Coronavirus Job Retention Scheme		2,496,247	-	-	2,496,247	-
Total income		11,255,111	-	1,388,274	12,643,385	12,880,059
Expenditure						
Raising funds	7	459,362	-	-	459,362	841,113
Charitable activities	7	6,205,279	51,862	697,061	6,954,202	13,049,436
Cost of Coronavirus	7	3,312,596	-	-	3,312,596	-
Total expenditure		9,977,237	51,862	697,061	10,726,160	13,890,549
Net income/(expenditure) before theatre tax credit and transfers	9	1,277,874	(51,862)	691,213	1,917,225	(1,010,490)
Theatre tax credit		87,366	-	-	87,366	806,668
Net income/(expenditure) before transfers		1,365,240	(51,862)	691,213	2,004,591	(203,822)
Gross transfers between funds:						
Release of capital grants	22	147,814	(127,084)	(20,730)	-	-
Designation of funds	22	(1,400,000)	1,400,000	-	-	-
Net movement in funds		113,054	1,221,054	670,483	2,004,591	(203,822)
Reconciliation of funds						
Total funds brought forward	22, 23	994,560	1,007,499	12,533,507	14,535,566	14,739,388
Total funds carried forward	22, 23	1,107,614	2,228,553	13,203,990	16,540,157	14,535,566

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 23 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 2021

	Notes	Unrestricted funds General £	Designated £	Restricted funds £	2021 Total £	2020 Total £
Income						
Donations	6a	8,439,862	-	1,223,144	9,663,006	9,117,351
Charitable activities	6b	100,153	-	164,530	264,683	2,979,504
Other trading activities	6c	278,655	-	-	278,655	351,697
Investments		730	-	-	730	672
Coronavirus Job Retention Scheme		2,496,247	-	-	2,496,247	-
Total income		11,315,647	-	1,387,674	12,703,321	12,449,224
Expenditure						
Raising funds	7	321,179	-	-	321,179	353,229
Charitable activities	7	6,397,748	-	318,252	6,716,000	12,662,453
Cost of Coronavirus	7	3,312,596	-	-	3,312,596	-
Total expenditure		10,031,523	-	318,252	10,349,775	13,015,682
Net income/(expenditure) before theatre tax credit and transfers	9	1,284,124	-	1,069,422	2,353,546	(566,458)
Theatre tax credit		87,366	-	-	87,366	806,668
Net income before transfers		1,371,490	-	1,069,422	2,440,912	240,210
Gross transfers between funds:						
Release of capital grants	22	147,814	(127,084)	(20,730)	-	-
Designation of funds	22	(1,400,000)	1,400,000	-	-	-
Net movement in funds		119,304	1,272,916	1,048,692	2,440,912	240,210
Reconciliation of funds						
Total funds brought forward	22, 23	1,001,230	390,980	289,787	1,681,997	1,441,787
Total funds carried forward	22, 23	1,120,534	1,663,896	1,338,479	4,122,909	1,681,997

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 23 to 52 form part of these financial statements.

Balance sheet
at 31 March 2021

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Fixed assets					
Tangible assets	12	17,919,682	18,546,010	1,124,223	1,357,693
Investments	13	-	-	1,012	1,012
		<u>17,919,682</u>	<u>18,546,010</u>	<u>1,125,235</u>	<u>1,358,705</u>
Current assets					
Debtors	14	922,123	2,674,809	2,027,643	3,355,999
Cash at bank and in hand	15	1,792,267	80,737	1,719,584	75,858
		<u>2,714,390</u>	<u>2,755,546</u>	<u>3,747,227</u>	<u>3,431,857</u>
Creditors: amounts falling due within one year	16	(799,661)	(3,300,187)	(740,596)	(3,078,109)
Net current assets/(liabilities)		<u>1,914,729</u>	<u>(544,641)</u>	<u>3,006,631</u>	<u>353,748</u>
Total assets less current liabilities		<u>19,834,411</u>	<u>18,001,369</u>	<u>4,131,866</u>	<u>1,712,453</u>
Creditors: amounts falling due after more than one year	18	(3,294,254)	(3,465,803)	(8,957)	(30,456)
Total assets less liabilities		<u>16,540,157</u>	<u>14,535,566</u>	<u>4,122,909</u>	<u>1,681,997</u>
Funds					
Unrestricted funds:					
- Designated	21, 22	2,228,553	1,007,499	1,663,896	390,980
- General	22	1,107,614	994,560	1,120,534	1,001,230
		<u>3,336,167</u>	<u>2,002,059</u>	<u>2,784,430</u>	<u>1,392,210</u>
Restricted funds	22	13,203,990	12,533,507	1,338,479	289,787
	22, 23	<u>16,540,157</u>	<u>14,535,566</u>	<u>4,122,909</u>	<u>1,681,997</u>

The financial statements were approved and authorised for issue by the board of directors on 17 December 2021 and signed on its behalf by:

Peter Lawson Chair

The notes on pages 23 to 52 form part of these financial statements.

Scottish Opera
(Limited by Guarantee)

Consolidated and company statement of cash flows
for the year ended 31 March 2021

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Cash flows from operating activities					
Cash provided by operating activities	26	3,021,357	581,382	2,714,020	334,570
Cash flows from investing activities					
Interest received		730	672	730	672
Purchase of fixed assets		(28,600)	(304,979)	(28,600)	(304,979)
Net cash used in investing activities		(27,870)	(304,307)	(27,870)	(304,307)
Cash flows from financing activities					
Repayment of long term loans		(200,000)	(200,000)	-	-
Interest paid		(49,061)	(61,862)	(11,503)	(21,719)
Repayment of hire purchase leases		(23,474)	(33,299)	(21,499)	(25,439)
Net cash used in financing activities		(272,535)	(295,161)	(33,002)	(47,158)
Increase/(decrease) in cash and cash equivalents in the year		2,720,952	(18,086)	2,653,148	(16,895)
Cash and cash equivalents at 1 April	15	(970,862)	(952,776)	(975,741)	(958,846)
Cash and cash equivalents at 31 March	15	<u>1,750,090</u>	<u>(970,862)</u>	<u>1,677,407</u>	<u>(975,741)</u>

The notes on pages 23 to 52 form part of these financial statements.

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2021

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 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).

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2021

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 2021/22, taking into account the current and ongoing impact of COVID-19 pandemic, based on confirmed grant levels for 2021/22 and expectations for 2022/23, 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 accounting 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 2021

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 £21,084 (2020: £22,674) 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.

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2021

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 2021**

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.

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2021

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

Group	Unrestricted funds General £	Designated £	Restricted funds £	2020 Total £
Income				
Donations	8,430,420	-	696,931	9,127,351
Charitable activities	2,253,962	-	725,542	2,979,504
Other trading activities	770,323	-	-	770,323
Investments	2,881	-	-	2,881
Total income	11,457,586	-	1,422,473	12,880,059
Expenditure				
Raising funds	841,113	-	-	841,113
Charitable activities	11,632,889	53,723	1,362,824	13,049,436
Total expenditure	12,474,002	53,723	1,362,824	13,890,549
Net (expenditure)/income before theatre tax credit and transfers	(1,016,416)	(53,723)	59,649	(1,010,490)
Theatre tax credit	806,668	-	-	806,668
Net (expenditure)/income before transfers	(209,748)	(53,723)	59,649	(203,822)
Gross transfers between funds: Release of capital grants	495,590	(127,124)	(368,466)	-
Net movement in funds	285,842	(180,847)	(308,817)	(203,822)

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2021

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

Company	Unrestricted funds General £	Designated £	Restricted funds £	2020 Total £
Income				
Donations	8,430,420	-	686,931	9,117,351
Charitable activities	2,253,962	-	725,542	2,979,504
Other trading activities	351,697	-	-	351,697
Investments	672	-	-	672
Total income	11,036,751	-	1,412,473	12,449,224
Expenditure				
Raising funds	353,229	-	-	353,229
Charitable activities	11,688,438	-	974,015	12,662,453
Total expenditure	12,041,667	-	974,015	13,015,682
Net (expenditure)/ income before theatre tax credit and transfers	(1,004,916)	-	438,458	(566,458)
Theatre tax credit	806,668	-	-	806,668
Net (expenditure)/ income before transfers	(198,248)	-	438,458	240,210
Gross transfers between funds:				
Release of capital grants	495,590	(127,124)	(368,466)	-
Net movement in funds	297,342	(127,124)	69,992	240,210

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6. Income

a) Donations

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Scottish Government Revenue Grant	8,000,000	8,000,000	8,000,000	8,000,000
Scottish Government International Touring Fund	-	60,000	-	60,000
Scottish Government Additional Funding	161,296	20,000	161,296	10,000
Cross Border Touring Grant	-	163,512	-	163,512
Friends of Scottish Opera	80,435	84,953	80,435	84,953
Fundraising for Theatre Royal	600	-	-	-
Fundraising for core activities	1,421,275	798,886	1,421,275	798,886
	<u>9,663,606</u>	<u>9,127,351</u>	<u>9,663,006</u>	<u>9,117,351</u>

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

b) Charitable activities

Group and Company

	2021 £	2020 £
Main scale productions and concerts	193,308	2,599,025
Small and medium scale touring	984	46,047
Education	70,391	334,432
	<u>264,683</u>	<u>2,979,504</u>

The restricted income of £164,530 (2020: £725,542) represents funding from Companies, Trusts and private individuals.

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for the year ended 31 March 2021

6. Income (cont'd)

c) Other trading income

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Set and costume construction and hire	92,129	179,956	92,129	179,956
Programmes and advertising	17,130	49,412	17,130	49,412
Royalties	15,222	5,150	15,222	5,150
Subsidiary trading income	12,068	389,938	-	-
Other income	60,360	90,895	154,174	117,179
Ticket levy income	21,210	54,972	-	-
	<u>218,119</u>	<u>770,323</u>	<u>278,655</u>	<u>351,697</u>

7. Expenditure

Group - 2021

	Staff costs £	Depreciation £	Other costs £	2021 Total £
Raising funds				
Fundraising costs	297,279	-	23,900	321,179
Subsidiary trading costs	71,173	14,049	52,961	138,183
Total raising funds	<u>368,452</u>	<u>14,049</u>	<u>76,861</u>	<u>459,362</u>
Charitable activities				
Main scale productions and concerts				
Basic staff costs	3,083,612	-	-	3,083,612
Design, construction and rehearsal costs	54,976	-	424,218	479,194
Performing costs	24,769	-	197,446	222,215
Marketing	330,712	-	64,279	394,991
	<u>3,494,069</u>	<u>-</u>	<u>685,943</u>	<u>4,180,012</u>
Small and medium scale touring	33,879	-	49,424	83,303
Education	182,895	-	268,568	451,463
Support costs (note 8)	662,330	640,879	936,215	2,239,424
Total charitable activities	<u>4,373,173</u>	<u>640,879</u>	<u>1,940,150</u>	<u>6,954,202</u>
Cost of Coronavirus	<u>1,831,864</u>	<u>-</u>	<u>1,480,732</u>	<u>3,312,596</u>
Total expenditure	<u>6,573,489</u>	<u>654,928</u>	<u>3,497,743</u>	<u>10,726,160</u>

Scottish Opera
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Notes to the accounts
for the year ended 31 March 2021

7. Expenditure (cont'd)

Group - 2020

	Staff costs £	Depreciation £	Other costs £	2020 Total £
Raising funds				
Fundraising costs	276,399	-	76,830	353,229
Subsidiary trading costs	106,582	21,936	359,366	487,884
Total raising funds	382,981	21,936	436,196	841,113
Charitable activities				
Main scale productions and concerts				
Basic staff costs	3,305,180	-	-	3,305,180
Design, construction and rehearsal costs	625,349	-	1,644,584	2,269,933
Performing costs	369,439	-	2,187,140	2,556,579
Theatre rentals	-	-	358,590	358,590
Marketing	370,495	-	369,018	739,513
	4,670,463	-	4,559,332	9,229,795
Small and medium scale touring	33,879	-	225,200	259,079
Education	212,170	-	638,392	850,562
Support costs (note 8)	670,052	660,308	1,379,640	2,710,000
Total charitable activities	5,586,564	660,308	6,802,564	13,049,436
Total expenditure	5,969,545	682,244	7,238,760	13,890,549

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

	2021 £	2020 £
Design, construction and rehearsal costs	-	1,711,859

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
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7. Expenditure (cont'd)

<i>Company - 2021</i>	Staff costs £	Depreciation £	Other costs £	2021 Total £
Raising funds				
Fundraising costs	297,279	-	23,900	321,179
Charitable activities				
Main scale productions and concerts				
Basic staff costs	3,083,612	-	-	3,083,612
Design, construction and rehearsal costs	54,976	-	424,218	479,194
Performing costs	24,769	-	197,446	222,215
Marketing	330,712	-	64,279	394,991
	3,494,069	-	685,943	4,180,012
Small and medium scale touring	33,879	-	49,424	83,303
Education	182,895	-	268,568	451,463
Support costs (note 8)	662,330	262,070	1,076,822	2,001,222
Total charitable activities	4,373,173	262,070	2,080,757	6,716,000
Cost of Coronavirus	1,831,864	-	1,480,732	3,312,596
Total expenditure	6,502,316	262,070	3,585,389	10,349,775
<i>Company - 2020</i>	Staff costs £	Depreciation £	Other costs £	2020 Total £
Raising funds				
Fundraising costs	276,399	-	76,830	353,229
Charitable activities				
Main scale productions and concerts				
Basic staff costs	3,305,180	-	-	3,305,180
Design, construction and rehearsal costs	625,349	-	1,644,584	2,269,933
Performing costs	369,439	-	2,299,870	2,669,309
Theatre rentals	-	-	358,590	358,590
Marketing	370,495	-	369,018	739,513
	4,670,463	-	4,672,062	9,342,525
Small and medium scale touring	33,879	-	225,200	259,079
Education	212,170	-	638,392	850,562
Support costs (note 8)	670,052	281,499	1,258,736	2,210,287
Total charitable activities	5,586,564	281,499	6,794,390	12,662,453
Total expenditure	5,862,963	281,499	6,871,220	13,015,682

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7. Expenditure (cont'd)

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

	2021 £	2020 £
Design, construction and rehearsal costs	-	1,711,85

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 - 2021

	Main scale productions and concerts £	Small and medium scale touring £	Education £	2021 Total £
Staff costs	587,207	11,702	63,421	662,330
Depreciation	568,189	11,323	61,367	640,879
Property and telecommunication costs	373,880	7,451	40,381	421,712
Transport and travel costs	28,462	567	3,074	32,103
IT costs	154,381	3,077	16,674	174,132
Other repairs and renewals	66,428	1,324	7,175	74,927
Other costs	188,182	3,750	20,325	212,257
Governance costs	18,692	373	2,019	21,084
Total support costs	1,985,421	39,567	214,436	2,239,424

Scottish Opera
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Notes to the accounts
for the year ended 31 March 2021

8. Support costs (cont'd)

Group – 2020

	Main scale productions and concerts £	Small and medium scale touring £	Education £	2020 Total £
Staff costs	598,141	16,790	55,121	670,052
Depreciation	589,443	16,546	54,319	660,308
Property and telecommunication costs	467,495	13,123	43,081	523,699
Transport and travel costs	90,640	2,544	8,353	101,537
IT costs	208,483	5,852	19,213	233,548
Other repairs and renewals	64,109	1,800	5,907	71,816
Other costs	380,608	10,683	35,075	426,366
Governance costs	20,241	568	1,865	22,674
Total support costs	2,419,160	67,906	222,934	2,710,000

Company - 2021

	Main scale productions and concerts £	Small and medium scale touring £	Education £	2021 Total £
Staff costs	587,207	11,702	63,421	662,330
Depreciation	232,345	4,631	25,094	262,070
Property and telecommunications costs	373,880	7,451	40,381	421,712
Transport and travel costs	34,668	691	3,744	39,103
IT costs	154,381	3,077	16,674	174,132
Other repairs and renewals	66,428	1,324	7,175	74,927
Other costs	306,635	6,111	33,118	345,864
Governance costs	18,692	373	2,019	21,084
Total support costs	1,774,236	35,360	191,626	2,001,222

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

Company - 2020

	Main scale productions and concerts £	Small and medium scale touring £	Education £	2020 Total £
Staff costs	598,916	16,609	54,527	670,052
Depreciation	251,614	6,978	22,907	281,499
Property and telecommunications costs	468,101	12,981	42,617	523,699
Transport and travel costs	90,757	2,517	8,263	101,537
IT costs	208,754	5,789	19,005	233,548
Other repairs and renewals	64,192	1,780	5,844	71,816
Other costs	273,033	7,572	24,857	305,462
Governance costs	20,267	562	1,845	22,674
Total support costs	1,975,634	54,788	179,865	2,210,287

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>	2021 £	2020 £
Charitable expenditure includes:		
Fees payable to auditor		
-audit services (company 2021 - £20,200, 2020 - £18,800)	23,200	21,800
-taxation	1,450	1,400
Depreciation (company 2021 - £ 262,070, 2020 - £281,499)	654,928	682,244
Operating lease rentals		
-land and buildings	133,474	133,474
-other	2,432	3,260

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10. Interest payable and similar charges

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank interest	-	-	-	-
Other interest and charges	49,061	61,862	11,513	21,719
Unwinding of the discount factor (interest charge) (note 19)	51,862	53,723	-	-
	<u>100,923</u>	<u>115,585</u>	<u>11,513</u>	<u>21,719</u>

11. Staff costs

a) Group	2021 £	2020 £
Wages	3,820,271	3,927,789
Social security costs	419,274	507,657
Pension costs	330,701	383,356
	<u>4,570,246</u>	<u>4,818,802</u>

In addition costs have been incurred in the year totalling £1,740,697 (2020 - £1,973,386) in respect of non-permanent and temporary staff.

	2021 No.	2020 No.
The average number of employees in the year was	199	155

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 2021.

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

	2021 No.	2020 No.
£60,000 - £69,999	2	3
£70,000 - £79,999	1	-
£110,000 - £119,999	1	1

For employees in the above bandings, contributions of £35,399 (2020 - £34,640) were made during the year for the provision of money purchase pension benefits.

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11. Staff costs (cont'd)

b) Company	2021 £	2020 £
Wages	3,759,527	3,836,713
Social security costs	412,867	497,999
Pension costs	326,679	377,508
	<u>4,499,073</u>	<u>4,712,220</u>

In addition costs have been incurred in the year totalling £1,740,697 (2020 - £1,973,386) in respect of non-permanent and temporary staff.

	2021 No.	2020 No.
The average number of employees in the year was	196	152

The average number of employees 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 2021.

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

	2021 No.	2020 No.
£60,000 - £69,999	2	3
£70,000 - £79,999	1	-
£110,000 - £119,999	1	1

For employees in the above bandings, contributions of £35,399 (2020 - £34,640) were made during the year for the provision of money purchase pension benefits.

c) Directors' emoluments – Group and Company	2021 £	2020 £
Emoluments	<u>116,696</u>	<u>116,696</u>
Company contributions paid to pension schemes	<u>16,835</u>	<u>16,835</u>

	2021 No.	2020 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 two (2020 – two) directors for travel and accommodation in the year totalling group £1,595, company £1,595 (2020 – group £22,358, company £22,358).

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Notes to the accounts
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11. Staff costs (cont'd)

d) Key management personnel – Group and Company

Key management personnel comprises the General Director, Music Director, Director of Finance, Director of Planning, Director of Marketing & Communications, Technical Director, Director of Outreach and Education and Director of Fundraising who received emoluments of £511,749 (2020: £495,261) and pension contributions of £46,897 (2020: £44,436). The Employers NIC paid for key management personnel was £54,278 (2020: £47,341).

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 2020	31,999,420	300,750	810,826	291,618	52,366	330,186	33,785,166
Additions	-	-	-	-	-	28,600	28,600
At 31 March 2021	31,999,420	300,750	810,826	291,618	52,366	358,786	33,813,766
Aggregate depreciation:							
At 1 April 2020	13,786,330	188,159	648,975	285,115	43,817	286,760	15,239,156
Charge for the year	548,861	27,829	29,990	6,503	5,893	35,852	654,928
At 31 March 2021	14,335,191	215,988	678,965	291,618	49,710	322,612	15,894,084
Net book value:							
At 31 March 2021	17,664,229	84,762	131,861	-	2,656	36,174	17,919,682
At 31 March 2020	18,213,090	112,591	161,851	6,503	8,549	43,426	18,546,010

Included in Freehold land and buildings is land with a net book value of £132,800 (2020: £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:

	2021 £	2020 £
Lighting desk	42,931	53,664

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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 2020	4,561,467	300,750	810,826	291,618	50,070	244,737	6,259,468
Additions	-	-	-	-	-	28,600	28,600
At 31 March 2021	<u>4,561,467</u>	<u>300,750</u>	<u>810,826</u>	<u>291,618</u>	<u>50,070</u>	<u>273,337</u>	<u>6,288,068</u>
Aggregate depreciation:							
At 1 April 2020	3,522,645	188,159	648,975	285,115	42,095	214,786	4,901,775
Charge for the year	<u>170,052</u>	<u>27,829</u>	<u>29,990</u>	<u>6,503</u>	<u>5,320</u>	<u>22,376</u>	<u>262,070</u>
At 31 March 2021	<u>3,692,697</u>	<u>215,988</u>	<u>678,965</u>	<u>291,618</u>	<u>47,415</u>	<u>237,162</u>	<u>5,163,845</u>
Net book value:							
At 31 March 2021	<u>868,770</u>	<u>84,762</u>	<u>131,861</u>	<u>-</u>	<u>2,655</u>	<u>36,175</u>	<u>1,124,223</u>
At 31 March 2020	<u>1,038,822</u>	<u>112,591</u>	<u>161,851</u>	<u>6,503</u>	<u>7,975</u>	<u>29,951</u>	<u>1,357,693</u>

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

	2021 £	2020 £
Lighting desk	<u>42,931</u>	<u>53,664</u>

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13. Investments

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Investment in subsidiary undertakings at cost	-	-	1,012	1,012

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

	Assets £	Liabilities £	Share capital and reserves £	Principal activity
Scottish Opera Theatre Royal Limited (Registered no: SC055506 Charity no: SC014382)	16,839,212	(4,408,044)	12,431,168	Ownership of Theatre Royal
Scottish Opera Services Limited (Registered no: SC223296)	238,852	(244,100)	(5,248)	Supply of transport services
Edington Productions Limited (Registered no: SC484377)	10	-	10	Production company

	Income £	Expenditure £	Net expenditure £
Scottish Opera Theatre Royal Limited	21,810	(451,881)	(430,071)
Scottish Opera Services Limited	138,183	(138,183)	-
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 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	134,455	215,878	92,411	100,159
Other debtors	27,236	139,126	27,236	139,126
Other taxes	51,160	153,021	51,098	152,028
Future productions expenditure	444,709	1,170,480	444,709	1,170,480
Prepayments and accrued income	177,197	81,579	177,197	74,370
Amount due from subsidiaries	-	-	1,147,626	805,111
Theatre tax credit	87,366	914,725	87,366	914,725
	<u>922,123</u>	<u>2,674,809</u>	<u>2,027,643</u>	<u>3,355,999</u>

Included in future production expenditure are amounts of £338,125 (2020: £1,170,480) due after more than one year.

Trade debtors for the group and company is shown net of the bad debt provision of £4,630 (2020: £4,630). Movements in the bad debt provision are included within support costs.

15. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	1,792,267	80,737	1,719,584	75,858
Bank overdraft (note 16)	(42,177)	(1,051,599)	(42,177)	(1,051,599)
	<u>1,750,090</u>	<u>(970,862)</u>	<u>1,677,407</u>	<u>(975,741)</u>

16. Creditors: amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank overdraft (note 15)	42,177	1,051,599	42,177	1,051,599
Trade creditors	199,740	498,920	300,349	567,675
Other taxes and social security costs	103,411	112,052	103,411	106,053
Accruals and other obligations	282,789	1,334,284	273,161	1,331,284
Loans (note 19)	150,046	148,134	-	-
Debentures (note 17)	-	75,000	-	-
Debenture premium (note 17)	-	56,725	-	-
Hire purchase creditor (note 20)	21,498	23,473	21,498	21,498
	<u>799,661</u>	<u>3,300,187</u>	<u>740,596</u>	<u>3,078,109</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. Debentures

	Group 2021	Group 2020
	£	£
Debentures of £25,000 each	-	75,000

There are three interest free debentures of £25,000 each, redeemable between 14 October 2005 and 14 October 2011. Under the terms of the debentures, premiums are payable on redemption based on the market values of the Theatre Royal at 1 January 1985 and at 1 January 1995.

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

Debenture premiums provided:	Group 2021	Group 2020
	£	£
Premium arising at 1 January 1985	-	18,750
Premium arising at 1 January 1995	-	18,750
Premiums accruing up to 1 January 1995	-	37,500
Premium accruing from 1 January 1995:		
As at 1 April	-	19,225
Accrued during the year	-	-
As at 31 March	-	19,225
Total premium accrued at 31 March	-	56,725

The debenture holders were contacted following the expiry of the redemption term. The creditor has been released to the Statements of Financial Activities during the year ended 31 March 2021 as the creditor has not taken payment in over 9 years.

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

	Group 2021	Group 2020	Company 2021	Company 2020
	£	£	£	£
Loans (note 19)	3,285,297	3,435,347	-	-
Hire purchase creditor (note 20)	8,957	30,456	8,957	30,456
	<u>3,294,254</u>	<u>3,465,803</u>	<u>8,957</u>	<u>30,456</u>

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19. Other loans

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
£4,000,000 loan at 0.5%, repayable in annual instalments	2,636,001	2,744,205	-	-
£1,000,000 loan at 2.47%, repayable in annual instalments	799,342	839,276	-	-
Less: Included in creditors: amounts falling due within one year (note 16)	(150,046)	(148,134)	-	-
	<u>3,285,297</u>	<u>3,435,347</u>	<u>-</u>	<u>-</u>
	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts repayable:				
In one year or less (note 16)	150,046	148,134	-	-
Between one and two years	152,001	150,046	-	-
Between two and five years	468,229	462,065	-	-
In more than five years	2,665,067	2,823,236	-	-
	<u>3,435,343</u>	<u>3,583,481</u>	<u>-</u>	<u>-</u>

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

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19. Other loans (cont'd)

Group

The interest rate applied to the group loans are not market rates of interest. In accordance with FRS 102, the loans have been discounted to the net present value of the future cash flows using a market rate of interest for a similar debt instrument. The total net present value of the future cash flows at 31 March 2021 is £3,435,343 (2020: £3,583,481).

	2021 £	2020 £
Provision at 1 April	3,583,481	3,729,758
Unwinding of the discount factor (interest charge) (note 10)	51,862	53,723
Payment	(200,000)	(200,000)
Provision at 31 March	<u>3,435,343</u>	<u>3,583,481</u>

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Not later than one year	21,498	23,473	21,498	21,498
Later than one year and not later than five years	<u>8,957</u>	<u>30,456</u>	<u>8,957</u>	<u>30,456</u>
	<u>30,455</u>	<u>53,929</u>	<u>30,455</u>	<u>51,954</u>

21. Designated funds

The designated funds consist of income from capital grants and donations for capital purposes. These designated funds are released to general funds over the expected useful lives of the relevant assets by equal annual instalments.

The board have decided that part of the theatre tax credit will be designated against future new productions. The board have 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 2021/22 and 2022/23.

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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22. Funds

Group - 2021	As at 31 March 2020 £	Income £	Expenditure £	Theatre tax credit £	Transfers £	As at 31 March 2021 £
Restricted funds						
Advance funding	12,328,795	161,896	(392,287)	-	(20,730)	12,077,674
Fundraising	204,712	1,226,378	(304,774)	-	-	1,126,316
	<u>12,533,507</u>	<u>1,388,274</u>	<u>(697,061)</u>	<u>-</u>	<u>(20,730)</u>	<u>13,203,990</u>
Unrestricted funds – General	994,560	11,255,111	(9,977,237)	87,366	(1,252,186)	1,107,614
Unrestricted funds - Designated						
Capital grants and donations	236,680	-	-	-	(127,084)	109,596
Theatre tax credit	154,300	-	-	-	-	154,300
Future projects	-	-	-	-	1,400,000	1,400,000
Discounting of loans	616,519	-	(51,862)	-	-	564,657
	<u>1,007,499</u>	<u>-</u>	<u>(51,862)</u>	<u>-</u>	<u>1,272,916</u>	<u>2,228,553</u>
	<u>14,535,566</u>	<u>12,643,385</u>	<u>(10,726,160)</u>	<u>87,366</u>	<u>-</u>	<u>16,540,157</u>
Group - 2020	As at 31 March 2019 £	Income £	Expenditure £	Theatre tax credit £	Transfers £	As at 31 March 2020 £
Restricted funds						
Advance funding	12,820,324	243,512	(735,041)	-	-	12,328,795
Fundraising	22,000	1,178,961	(627,783)	-	(368,466)	204,712
	<u>12,842,324</u>	<u>1,422,473</u>	<u>(1,362,824)</u>	<u>-</u>	<u>(368,466)</u>	<u>12,533,507</u>
Unrestricted funds – General	708,718	11,457,586	(12,474,002)	806,668	495,590	994,560
Unrestricted funds - Designated						
Capital grants and donations	363,804	-	-	-	(127,124)	236,680
Theatre tax credit	154,300	-	-	-	-	154,300
Discounting of loans	670,242	-	(53,723)	-	-	616,519
	<u>1,188,346</u>	<u>-</u>	<u>(53,723)</u>	<u>-</u>	<u>(127,124)</u>	<u>1,007,499</u>
	<u>14,739,388</u>	<u>12,880,059</u>	<u>(13,890,549)</u>	<u>806,668</u>	<u>-</u>	<u>14,535,566</u>

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22. Funds (cont'd)

Company - 2021	As at 31 March 2020 £	Income £	Expenditure £	Theatre tax credit £	Transfers £	As at 31 March 2021 £
Restricted funds						
Advance funding	85,075	161,296	(13,478)	-	(20,730)	212,163
Fundraising	204,712	1,226,378	(304,774)	-	-	1,126,316
	<u>289,787</u>	<u>1,387,674</u>	<u>(318,252)</u>	<u>-</u>	<u>(20,730)</u>	<u>1,338,479</u>
Unrestricted funds - General	1,001,230	11,315,647	(10,031,523)	87,366	(1,252,186)	1,120,534
Unrestricted funds - Designated						
Capital grants and donations	236,680	-	-	-	(127,084)	109,596
Theatre tax credit	154,300	-	-	-	-	154,300
Future projects	-	-	-	-	1,400,000	1,400,000
	<u>390,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,272,916</u>	<u>1,663,896</u>
	<u>1,681,997</u>	<u>12,703,321</u>	<u>(10,349,775)</u>	<u>87,366</u>	<u>-</u>	<u>4,122,909</u>
Company - 2020	As at 31 March 2019 £	Income £	Expenditure £	Theatre tax credit £	Transfers £	As at 31 March 2020 £
Restricted funds						
Advance funding	197,795	233,512	(346,232)	-	-	85,075
Fundraising	22,000	1,178,961	(627,783)	-	(368,466)	204,712
	<u>219,795</u>	<u>1,412,473</u>	<u>(974,015)</u>	<u>-</u>	<u>(368,466)</u>	<u>289,787</u>
Unrestricted funds - General	703,888	11,036,751	(12,041,667)	806,668	495,590	1,001,230
Unrestricted funds - Designated						
Capital grants and donations	363,804	-	-	-	(127,124)	236,680
Theatre tax credit	154,300	-	-	-	-	154,300
	<u>518,104</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(127,124)</u>	<u>390,980</u>
	<u>1,441,787</u>	<u>12,449,224</u>	<u>(13,015,682)</u>	<u>806,668</u>	<u>-</u>	<u>1,681,997</u>

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22. 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 21 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 £1.4m to a new designated fund to enable the group and company to recover during the financial years 2021/22 and 2022/23.

23. Analysis of funds among net assets

Group - 2021

	Total £	Unrestricted funds		Restricted funds £
		General £	Designated £	
Fixed assets	17,919,682	1,006,957	109,596	16,803,129
Current assets	2,714,390	695,874	1,554,300	464,216
Current liabilities	(799,661)	(586,260)	-	(213,401)
Long term liabilities	(3,294,254)	(8,957)	564,657	(3,849,954)
Total	16,540,157	1,107,614	2,228,553	13,203,990

Group - 2020

	Total £	Unrestricted funds		Restricted funds £
		General £	Designated £	
Fixed assets	18,546,010	1,127,392	236,680	17,181,938
Current assets	2,755,546	2,278,901	154,300	322,345
Current liabilities	(3,300,187)	(2,381,277)	-	(918,910)
Long term liabilities	(3,465,803)	(30,456)	616,519	(4,051,866)
Total	14,535,566	994,560	1,007,499	12,533,507

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

Company - 2021

	Total	Unrestricted funds		Restricted funds
	£	General	Designated	£
Fixed assets	1,125,235	1,015,639	109,596	-
Current assets	3,747,227	854,448	1,554,300	1,338,479
Current liabilities	(740,596)	(740,596)	-	-
Long term liabilities	(8,957)	(8,957)	-	-
Total	4,122,909	1,120,534	1,663,896	1,338,479

Company - 2020

	Total	Unrestricted funds		Restricted funds
	£	General	Designated	£
Fixed assets	1,358,705	1,122,025	236,680	-
Current assets	3,431,857	2,987,770	154,300	289,787
Current liabilities	(3,078,109)	(3,078,109)	-	-
Long term liabilities	(30,456)	(30,456)	-	-
Total	1,681,997	1,001,230	390,980	289,787

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24. Obligations under operating leases

Commitments under non-cancellable operating leases are as follows:

	2021 Land & buildings £	2021 Other £	2020 Land & buildings £	2020 Other £
<i>Group and company</i>				
Operating leases which expire:				
Not later than one year	124,918	2,432	133,474	2,432
Later than one year and not later than five years	180,000	410	205,668	2,837
Later than five years	90,000	-	135,000	-
	<u>394,918</u>	<u>2,842</u>	<u>474,142</u>	<u>5,269</u>

25. 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.

26. Cash flow statement notes

Net cash provided by operating activities

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Net income on ordinary activities	113,054	285,842	119,304	297,342
Net income/(expenditure) in restricted and designated funds	1,891,537	(489,664)	2,321,608	(57,132)
Interest receivable	(730)	(672)	(730)	(672)
Interest payable	49,061	61,862	11,503	21,719
Depreciation	654,928	682,244	262,070	281,499
Decrease/(increase) in debtors	1,752,686	(542,806)	1,328,356	(886,712)
(Decrease)/increase in creditors	(1,491,041)	530,853	(1,328,091)	678,526
Unwinding of the discount factor (interest charge)	51,862	53,723	-	-
	<u>3,021,357</u>	<u>581,382</u>	<u>2,714,020</u>	<u>334,570</u>

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26. Cash flow statement notes (continued)

Analysis of net debt

<i>Group</i>	At 1 April 2020 £	Cash flows £	Other changes £	At 31 March 2021 £
Cash and cash equivalents	(970,862)	2,720,952	-	1,750,090
Loans falling due within one year	(148,134)	200,000	(201,912)	(150,046)
Loans falling due in more than one year	(3,435,347)	-	150,050	(3,285,297)
Hire purchase creditor falling due within one year	(23,473)	23,474	(21,499)	(21,498)
Hire purchase creditor falling due in more than one year	(30,456)	-	21,499	(8,957)
	<u>(4,608,272)</u>	<u>2,944,426</u>	<u>(51,862)</u>	<u>(1,715,708)</u>

<i>Company</i>	At 1 April 2020 £	Cash flows £	Other changes £	At 31 March 2021 £
Cash and cash equivalents	(975,741)	2,653,148	-	1,677,407
Hire purchase creditor falling due within one year	(21,498)	21,499	(21,499)	(21,498)
Hire purchase creditor falling due in more than one year	(30,456)	-	21,499	(8,957)
	<u>(1,027,695)</u>	<u>2,674,647</u>	<u>-</u>	<u>1,646,952</u>

27. Commitments

The group/company is committed to contracts with guest artistes, etc. and other costs in connection with future productions in the sum of £423,165 (2020 - £436,165) of which £380,165 relates to the year to 31 March 2022 and £43,000 relates to later years. These amounts have not been included in the accounts.

28. 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 £330,701 for the group and £324,619 for the company (2020 - £383,356 and £377,508 respectively). At 31 March 2021 contributions amounting to £44,264 (2020: £45,012) were payable to the funds. This amount is included within accruals and other obligations.

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29. Contingent liabilities

There are contingent liabilities totalling £7,393,796 (2020 - £7,393,796) for the group and £2,336,796 (2020 - £2,336,796) for the company in respect of government, local authority and National Lottery grants which may become repayable on the sale of the relevant property, or their main purpose changed, or in the event of a liquidation of all or part of the group.

Standard securities have been granted in favour of the Scottish Arts Council and/or its successor, and The Royal Bank of Scotland PLC over the technical centre at Edington Street, Glasgow.

30. Related party transactions

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

During the year, the group/company made purchases of £5,000 (2020: £449) for the services of Evensong Limited. This is a company in which the director Andrew Lockyer is deemed to have significant control.

During the year, the group/company made purchases of £3,510 (2020: £3,000 for legal services from Miller Samuel Hill Brown LLP. At 31 March 2021 the group/company owed Miller Samuel Hill Brown LLP £nil (2020: £3,000). This amount is included within accruals and other obligations. The director Peter Lawson is a member of this entity.