



Scottish Opera (Limited by Guarantee)

Report and Accounts

31 March 2022



Scottish Opera
(Limited by Guarantee)

Registered No: SC037531

Company information

Directors

Peter Lawson	(Chair)
Dorothy Miell OBE	(Vice chair)
Jessica Burns	
Elizabeth Cameron	
Neil Campbell	
Marcus Cheng	
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

Scottish Opera (Limited by Guarantee)

Chair's statement

The global pandemic continued to pose significant challenges for Scottish Opera. However, the company was bold and adventurous in leaning into the pandemic to try to make the best of the situation. Filming techniques were finessed, and ever-changing lockdown levels were carefully navigated to make sure performances were ready just in time for the lifting of restrictions for indoor performances. Happily, the entire company was able to remain match fit, ready for the return to theatres.

As huge fans of live performance, it was a relief to be back in our regular theatres from the autumn. Prior to that, Scottish Opera was once again nimble in responding to the lifting of restrictions and put on a fantastic festival of events called *Live at No. 40* in the car park at Edington Street, Glasgow. There was a run of performances of Verdi's *Falstaff*, orchestra concerts and performances of Kurt Weill's *The Tsar has his Photograph Taken*. The company also shared the space to enable concerts from The Scottish Ensemble and performances from The Citizens Theatre of Shakespeare's *The Comedy of Errors*. This was a huge effort from all our team and I congratulate everyone involved – staff, creatives, musicians and audiences – for their willingness, quick thinking and excellent collaboration, which made these performances possible.

Investing in and developing new talent has remained at the heart of Scottish Opera's vision despite the pandemic. The 2021/22 Emerging Artists singers truly embedded themselves within Scottish Opera, appearing in main company performances throughout the year. This included title roles in *L'elisir d'amore*, *The Gondoliers*, *Utopia, Limited*, *A Midsummer Night's Dream* and Stravinsky's *Mavra*. They also brought live music back to many of Scotland's communities with a hugely successful Opera Highlights tour.

We remain grateful to the Scottish Government for its continued support and commitment to core funding. In particular, we are indebted to First Minister Nicola Sturgeon for taking the time to lend her support in bringing audiences back to cultural events, communicated through meeting many of our staff on a tour of our production studios in February.

I cannot thank our supporters enough – audiences, trusts, foundations, businesses, and individual donors – 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 and there are frequent meetings of the Finance and General Purpose Committee. During the year, we were sad to see long-standing Vice Chair John McCormick and Alison Brimelow retire but are delighted to welcome Marcus Cheng as a Director to the Board.

We recognise that there are many external influences at play. In particular, our costs are rising significantly due to fluctuations in materials, goods and energy prices. Some resources are proving to be scarce leading to an increase in production time. However, with opera houses across the globe re-opening, opportunities to hire our productions to them have increased.

Audiences are smaller than they were pre-pandemic and the size of the challenge to help people get back into the habit of attending our productions is not to be under-estimated.

The Board and Senior Management Team have demonstrated expert leadership, determination, resilience, and enthusiasm, and for this I extend my gratitude. The commitment and effort of the entire Scottish Opera team to pivot during the pandemic is to be applauded.

Peter Lawson
Chair of Scottish Opera

16 September 2022

General Director's report

Scottish Opera

Welcome to my report for 2021/22. The COVID-19 pandemic continued to leave its mark on restricting activity. The year started in a full lockdown, with some restrictions lifted to allow outdoor gatherings in the summer. Theatres were able to reopen with a limit of 400 people in August and by October we were able to present a full-scale tour to theatres across the country. Omicron had an effect on cancellations in December/January, but despite the interruptions, we pulled a strong year together.

We continued to develop our filming skills and also made 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:

- In total 34,735 people in Scotland saw a live performance during the year
- 11,014 people saw Pop-up Opera at 190 performances
- 12 sell-out performances of *Falstaff* – outdoors in our car park and indoors at the Festival Theatre, Edinburgh as part of EIF
- Five new films were recorded and released
- Total views of 199,277 on YouTube and 243,000 on BBC iPlayer
- Festival collaborations with Edinburgh International, Lammermuir and Perth

In total half a million people experienced Scottish Opera in 2021/22 reaching right across Scotland and internationally to 176 countries through digital offerings.

This was Music Director Stuart Stratford's sixth year with Scottish Opera. He played a key role in the company's quick responses to the changing circumstances we found ourselves in which, in turn, enabled the success of the Season. This was done by all of us with great energy and enthusiasm, in particular turning performances into films, adapting to the outdoors, and bringing passion to Britten's *A Midsummer Night's Dream* when it was finally presented in February 2022, having been planned for March/April 2020.

Watched by over 11,500 people, Donizetti's *L'elisir d'amore* was filmed at the Theatre Royal Glasgow, thereby ensuring not only the full Scottish Opera team including cast, chorus and orchestra were engaged, the venue staff also were back at work. This all helped in keeping people fresh for when theatres were able to re-open.

When not working, Scottish Opera continued to support staff via the Furlough Scheme until it was wound up in September 2021. Because of this, Scottish Opera spent £549,795 on additional staff costs including salary, pension and national insurance costs, a portion of which was claimed back through the furlough scheme.

The total number of people who benefitted in the financial year from the Furlough Scheme was 151.

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

Scottish Opera is committed to the principles of equal opportunities and equal treatment of all employees and artists. During the year, the Company consulted with all staff on multiple occasions in order to understand the challenges and create an EDI action plan.

General Director's report

The Company received standstill funding in the 2022/23 budget announced by the Scottish Government in December 2021 and we remain grateful for their continued support. While Scottish Opera is a strong going concern, we are experiencing pressure on our cost of materials, goods and energy along with pressure on our people who are leaving for higher paid jobs particularly in the film sector.

With inflation continuing to rise, we are yet to understand fully the impact of this on our ability to produce and present opera to the high quality standards that we achieve. As audiences find their "new ordinary", we discover they are not all yet willing to return to indoor events, or are no longer able to travel in the evenings and this creates some uncertainty for our future sales. 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 Performances

With the country still in lockdown, the year started with the launch of two new films, *Live In South Lanarkshire* and Donizetti's *L'elisir d'amore*. The latter provided an opportunity for the full team including choristers and venue staff to keep their opera muscles warm. That way, when restrictions lifted over the summer, everyone was ready for a 6-date run of Verdi's *Falstaff* directed and designed by Sir David McVicar under a canopy in Scottish Opera's Edington Street car park. The performances were a sell-out for socially-distanced audiences and much praise, including 5-star press reviews, was received for Scottish Opera putting these performances on.

Falstaff then transferred to Edinburgh's Festival Theatre as part of the Edinburgh International Festival, where it was the first indoor production to take place again as restrictions lifted, albeit with a limited audience number of 400.

For the rest of the country, the Pop-up Opera tour was back on the road, this time with two curtain-sided trailers reaching an audience of over 11,000 over 192 performances across 46 locations. Places visited included the Isle of Lewis, Aberdeenshire, Wigton, Hawick and many locations in between. Five Gilbert & Sullivan operas were miniaturised for the tour: "A little bit of" *The Gondoliers*, *The Mikado*, *Iolanthe*, *The Pirates of Penzance* and *HMS Pinafore*. *The Undersea World of Bubble McBea*, an interactive adventure for children in Primaries 1 to 3, visited ten primary schools, raising awareness of sea pollution in the run up to COP26 in Glasgow.

As venues around the country started to open up, Opera Highlights was straight out on tour, taking in 11 venues in the autumn and a further 18 in the spring. This was a highly successful tour with much acclaim, and many sell-out performances. Locations included Ballachulish, Stornoway, Dunoon, Wick, Barra, Ardfarn, Lockerbie and Cumbernauld.

Scottish Opera 2021/22 Emerging Artists, mezzo-soprano Lea Shaw and tenor Glen Cunningham, and Scottish Opera 2020/21 Emerging Artists Margo Arsane and Shengzhi Ren, all took part in the tour which was supported by The Friends of Scottish Opera and JTH Charitable Trust.

The mainscale production of Gilbert & Sullivan's *The Gondoliers* was presented in the autumn at the Theatre Royal Glasgow, Edinburgh Festival Theatre, Eden Court Inverness and went to the Hackney Empire in London right at the end of the financial year. Audiences were still slow to return, but we filmed the production. 243,000 people viewed it from across the UK on BBC iPlayer in the week of release (Easter Sunday 2022). Concert performances of the Gilbert & Sullivan rarity *Utopia, Limited* were alongside *The Gondoliers*.

Benjamin Britten's *A Midsummer Night's Dream* directed by Dominic Hill was presented in Edinburgh and Glasgow to good audiences and strong reviews including several 5-star reviews. The Glasgow audience comprised 20% taking advantage of the £10 Under 26 tickets.

Scottish Opera (Limited by Guarantee)

General Director's report

The Orchestra of Scottish Opera

The Orchestra of Scottish Opera, together with Music Director Stuart Stratford were able to restart concert performances. There were three orchestral concerts during Live at No. 40; two concert performances of Mozart's *Così fan tutte* at the Laimmermuir Festival and Perth Concert Hall and a special collection of the best of Puccini's operas (*The Puccini Collection*) at the Caird Hall, Dundee in December. At the start of 2022, the very fine young operatic talent from The National Opera Studio joined Scottish Opera for workshops, masterclasses and a performance with The Orchestra of Scottish Opera at the Theatre Royal Glasgow.

Stuart Stratford was also able to return to his favourite Russian music back at the Perth Concert Hall with a double bill of Stravinsky's *Mavra* and Rachmaninov's *The Miserly Knight*.

Scottish Opera External Support

Income generated through fundraising for the year 2021/22 totalled £1,373,224. We are grateful to all of our donors, whose steadfast support helped us to navigate the transition from online only work, back to live performances and outreach projects. Special thanks are due to Dunard Fund, the Garfield Weston Foundation (Cultural Recovery Fund), and to the members of Scottish Opera's Syndicate, who provided significant support during a very challenging time. We are hugely grateful that our outdoor performance of Verdi's *Falstaff* was supported by those who gave to our *Play a Supporting Role* appeal.

We are very fortunate to have 396 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 980 Friends of Scottish Opera.

The grants we received from 17 Charitable Trusts and Foundations were important in helping us realise our artistic ambitions, support our Young Company and sustain vital projects such as Memory Spinners (for people with dementia and their loved ones), Breath Cycle II (for people with Long Covid symptoms) and our Primary Schools Tour.

We also wish to thank the businesses including Baillie Gifford, Miller Samuel Hill Brown, 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.

General Director's report

Scottish Opera Education

The COVID-19 pandemic has continued to have 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.

For the Autumn 2021 term, schools were still reluctant to have face to face sessions from visiting companies as Covid levels remained high, however, schools engaged with online materials instead with almost 19,000 unique views of materials for *The Last Aliens*. Bookings were taken for the Spring and Summer 2022 terms.

We received anecdotal feedback from schools that the new materials were extremely useful in helping the pupils learn the songs. "I am delighted that Scottish Opera is back! I think it is **one of the best opportunities for youngsters to be involved in music** in Primary School. The concept is genius and the youngsters really love being involved. **Congratulations for all the online resources which makes it extremely easy** for a non-music teacher to deliver the content with ease." Teacher, Keith Primary School.

Due to relaxation of some Covid prevention protocols, some limited Disney Music in Schools activity involving blended learning (online sessions and some face to face workshops) for the original five schools was able to resume. These schools were Lawthorn (Irvine), Todholm (Paisley), East Pleun (Stirling), Langlee (Galashiels) and St Anthony's (Johnstone). Five new schools joined the programme in the autumn. Clevees Primary School in Glasgow, St James Primary School in Renfrewshire, Edinbarnet Primary School in West Dunbartonshire, Hurlford Primary School in East Ayrshire and Wemyss Bay Primary School in Inverclyde.

The programme, which continues for another year, builds skills and confidence in both pupils and teachers, encourages participation and collaboration, and leaves a sustainable arts legacy for years to come, especially in schools that are actively seeking greater engagement with the arts. Feedback from Head Teachers was that despite difficulties of accommodating visits within required Covid prevention measures, such are the benefits to pupils in these high SIMD areas, that it was crucial to maintain activity wherever possible.

Online materials for *Meet the Brassketeers*, which was developed by three brass players from The Orchestra of Scottish Opera, were launched. A pack of lesson plans that combine music and numeracy aimed at 5 to 8 year olds has been much loved.

Despite the outbreak of Omicron in December, we managed to perform 16 public and seven school shows of *Mr MacNeep has Lost his Sheep* to over 2000 people. The festive musical adventure was created for children aged 3 to 7, and performed at our Edington Street Production Studios in Glasgow from 3 to 20 December. The 45-minute, family friendly show immerses its young audience in live music, along with interactive puppetry that encourages children to sing, dance and get involved in the production.

There were several attempts to revive our Dementia Friendly programmes, but on each occasion another outbreak of Covid put a stop to it. The Memory Spinners programme eventually restarted in Fife in Spring 2022, in collaboration with The Byre Theatre.

'Sweet Sounds in Wild Places' was a series of free workshops led by Scottish Opera in partnership with The Abbotsford Trust and Live Borders! They helped build creative skills and increase self-confidence and self-expression, through music, creative writing, film and photography to empower those who were struggling during lockdown. Forming part of the 250th anniversary celebrations of Sir Walter Scott, his novel *The Bride of Lammermoor* was inspiration to explore issues such as loneliness, isolation and lack of empowerment, as well as the impact, for good and bad, that landscape and environment can have on our mental health and well-being.

Scottish Opera
(Limited by Guarantee)

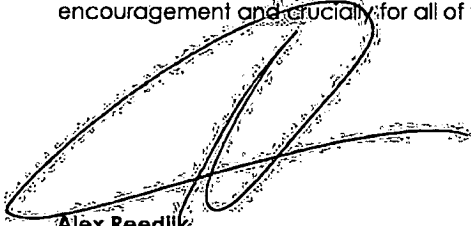
General Director's report

Both the Young Company and the Young Company Gateway have been lifelines for exceptional young Scottish talent. Despite several Covid cases in the company during rehearsals, their production of Kurt Weill's *The Tsar has his Photograph Taken* had two outdoor performances over the summer and was a masterpiece in modern theatre. The Community Choir continued to meet weekly online and moved back to being in-person in early 2022 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, to participants in our outreach and those who were able to see us perform both outdoors and indoors.

Thank you for your courage in returning to our theatres, for the many messages of support encouragement and crucially for all of the donations – regular ones as well as one-offs.



Alex Reedijk
General Director

16 September 2022

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 2022.

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.

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 2022/23, taking into account the current and ongoing impact of COVID-19 pandemic, based on confirmed grant levels for 2022/23 and expectations for 2023/24, the directors are confident that the going concern basis is appropriate for the group.

Reserves policy

At 31 March 2022 the group's unrestricted general reserves amounted to £411,324 (2021: £1,107,614), unrestricted designated reserves of £3,071,311 (2021: £2,228,553) and restricted reserves of £12,480,286 (2021: £13,203,990).

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

The policy is reviewed annually.

As part of the funding agreement with the Scottish Government, Scottish Opera is not allowed to hold more than 10% of total income as general, undesignated reserves. At 31 March 2022, the general, undesignated reserves were 4% of income (2021: 9%).

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.

Scottish Opera (Limited by Guarantee)

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), Dorothy Miell, (Vice Chair), Jessica Burns, Elizabeth Cameron, Neil Campbell, Marcus Cheng, 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 Nominations Committee, all matters relating to the appointment of Directors and the duration of their membership of the Board
- Keep under review the effectiveness of the Board

Administration

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

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

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

The members of the Committee are:

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

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.

Scottish Opera **(Limited by Guarantee)**

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) (retired 17 September 2021)
Dorothy Miell OBE	(Vice chair)
Alison Brimelow CBE	(retired 19 September 2021)
Jessica Burns	
Elizabeth Cameron	
Neil Campbell	
Marcus Cheng	(appointed 17 December 2021)
Roberta Doyle	
May Ferries	
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: 16 September 2022

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 2022

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 2022 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 2022 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 2022

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 2022**

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 is available on the FRC'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 2022

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

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

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

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

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

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

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

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

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

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

Scottish Opera
(Limited by Guarantee)

Independent auditor's report
to the Directors and Members of Scottish Opera (Limited by Guarantee)
for the year ended 31 March 2022

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

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

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

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

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

Use of our report

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

Our audit work has been undertaken so that we might state to the parent charitable company's members, as a body, and the parent charitable company's directors, as a body, those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent charitable company, the parent charitable company's members, as a body, and the parent charitable company's directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services

Allison Gibson, Senior Statutory Auditor
For and on behalf of
Azets Audit Services, Statutory Auditor
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Chartered Accountants
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Dated: *21 September 2022*

Scottish Opera
(Limited by Guarantee)

Consolidated statement of financial activities and income and expenditure account
for the year ended 31 March 2022

	Notes	Unrestricted funds General £	Designated £	Restricted funds £	2022 Total £	2021 Total £
Income						
Donations	6a	8,503,609	-	322,481	8,826,090	9,663,606
Charitable activities	6b	542,818	-	783,744	1,326,562	264,683
Other trading activities	6c	645,209	-	30,761	675,970	218,119
Investments		-	-	-	-	730
Coronavirus Job Retention Scheme		652,277	-	-	652,277	2,496,247
Total income		10,343,913	-	1,136,986	11,480,899	12,643,385
Expenditure						
Raising funds	7	598,083	-	-	598,083	459,362
Charitable activities	7	9,707,870	49,954	1,860,690	11,618,514	6,954,202
Cost of Coronavirus	7	556,025	-	-	556,025	3,312,596
Total expenditure		10,861,978	49,954	1,860,690	12,772,622	10,726,160
Net (expenditure)/income before theatre tax credit and transfers	9	(518,065)	(49,954)	(723,704)	(1,291,723)	1,917,225
Theatre tax credit		714,487	-	-	714,487	87,366
Net (expenditure)/income before transfers		196,422	(49,954)	(723,704)	(577,236)	2,004,591
Gross transfers between funds:						
Release of capital grants	21	107,288	(107,288)	-	-	-
Designation of funds	21	(1,000,000)	1,000,000	-	-	-
Net movement in funds		(696,290)	842,758	(723,704)	(577,236)	2,004,591
Reconciliation of funds						
Total funds brought forward	21, 22	1,107,614	2,228,553	13,203,990	16,540,157	14,535,566
Total funds carried forward	21, 22	411,324	3,071,311	12,480,286	15,962,921	16,540,157

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 51 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 2022

	Notes	Unrestricted funds		Restricted funds	2022 Total	2021 Total
		General	Designated			
		£	£	£	£	£
Income						
Donations	6a	8,503,609	-	321,881	8,825,490	9,663,006
Charitable activities	6b	542,818	-	783,744	1,326,562	264,683
Other trading activities	6c	442,980	-	30,761	473,741	278,655
Investments		-	-	-	-	730
Coronavirus Job Retention Scheme		652,277	-	-	652,277	2,496,247
Total income		10,141,684	-	1,136,386	11,278,070	12,703,321
Expenditure						
Raising funds	7	290,693	-	-	290,693	321,179
Charitable activities	7	9,745,823	-	1,481,881	11,227,704	6,716,000
Cost of Coronavirus	7	556,025	-	-	556,025	3,312,596
Total expenditure		10,592,541	-	1,481,881	12,074,422	10,349,775
Net (expenditure)/income before theatre tax credit and transfers	9	(450,857)	-	(345,495)	(796,352)	2,353,546
Theatre tax credit		714,487	-	-	714,487	87,366
Net (expenditure)/income before transfers		263,630	-	(345,495)	(81,865)	2,440,912
Gross transfers between funds:						
Release of capital grants	21	107,288	(107,288)	-	-	-
Designation of funds	21	(1,000,000)	1,000,000	-	-	-
Net movement in funds		(629,082)	892,712	(345,495)	(81,865)	2,440,912
Reconciliation of funds						
Total funds brought forward	21, 22	1,120,534	1,663,896	1,338,479	4,122,909	1,681,997
Total funds carried forward	21, 22	491,452	2,556,608	992,984	4,041,044	4,122,909

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 51 form part of these financial statements.

**Balance sheet
at 31 March 2022**

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Fixed assets					
Tangible assets	12	17,376,332	17,919,682	959,682	1,124,223
Investments	13	-	-	1,012	1,012
		<u>17,376,332</u>	<u>17,919,682</u>	<u>960,694</u>	<u>1,125,235</u>
Current assets					
Debtors	14	2,144,163	922,123	3,517,733	2,027,643
Cash at bank and in hand	15	598,102	1,792,267	579,704	1,719,584
		<u>2,742,265</u>	<u>2,714,390</u>	<u>4,097,437</u>	<u>3,747,227</u>
Creditors: amounts falling due within one year	16	(1,024,384)	(799,661)	(1,017,087)	(740,596)
		<u>1,717,881</u>	<u>1,914,729</u>	<u>3,080,350</u>	<u>3,006,631</u>
Net current assets		<u>1,717,881</u>	<u>1,914,729</u>	<u>3,080,350</u>	<u>3,006,631</u>
Total assets less current liabilities		<u>19,094,213</u>	<u>19,834,411</u>	<u>4,041,044</u>	<u>4,131,866</u>
Creditors: amounts falling due after more than one year	17	(3,131,292)	(3,294,254)	-	(8,957)
		<u>15,962,921</u>	<u>16,540,157</u>	<u>4,041,044</u>	<u>4,122,909</u>
Total assets less liabilities		<u>15,962,921</u>	<u>16,540,157</u>	<u>4,041,044</u>	<u>4,122,909</u>
Funds					
Unrestricted funds:					
- Designated	20, 21	3,071,311	2,228,553	2,556,608	1,663,896
- General	21	411,324	1,107,614	491,452	1,120,534
		<u>3,482,635</u>	<u>3,336,167</u>	<u>3,048,060</u>	<u>2,784,430</u>
Restricted funds	21	12,480,286	13,203,990	992,984	1,338,479
	21, 22	<u>15,962,921</u>	<u>16,540,157</u>	<u>4,041,044</u>	<u>4,122,909</u>

The financial statements were approved and authorised for issue by the board of directors on 16 September 2022 and signed on its behalf by:

Peter Lawson

Chair

The notes on pages 23 to 51 form part of these financial statements.

Scottish Opera
(Limited by Guarantee)

**Consolidated and company statement of cash flows
for the year ended 31 March 2022**

		Group 2022 £	2021 £	Company 2022 £	2021 £
	Notes				
Cash flows from operating activities					
Cash (used in)/provided by operating activities	25	(791,347)	3,021,357	(972,822)	2,714,020
Cash flows from investing activities					
Interest received		-	730	-	730
Purchase of fixed assets		(99,906)	(28,600)	(99,906)	(28,600)
Net cash used in investing activities		(99,906)	(27,870)	(99,906)	(27,870)
Cash flows from financing activities					
Repayment of long term loans		(200,000)	(200,000)	-	-
Interest paid		(61,765)	(49,061)	(26,005)	(11,503)
Repayment of hire purchase leases		(21,498)	(23,474)	(21,498)	(21,499)
Net cash used in financing activities		(283,263)	(272,535)	(47,503)	(33,002)
(Decrease)/increase in cash and cash equivalents in the year		(1,174,516)	2,720,952	(1,120,231)	2,653,148
Cash and cash equivalents at 1 April	15	1,750,090	(970,862)	1,677,407	(975,741)
Cash and cash equivalents at 31 March	15	575,574	1,750,090	557,176	1,677,407

The notes on pages 23 to 51 form part of these financial statements.

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

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 2022

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 2022/23, taking into account the current and ongoing impact of COVID-19 pandemic, based on confirmed grant levels for 2022/23 and expectations for 2023/24, 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 2022

3. Accounting policies (cont'd)

g) Expenditure recognition

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

- Cost of raising funds comprise the costs associated with attracting donations income.
- Charitable expenditure comprises those costs incurred by the group in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the group and include the audit fee and costs linked to the strategic management of the group.
- Coronavirus costs include all additional costs incurred due to the global pandemic. These include staff costs of seasonal contract staff not normally contracted for a whole year, compensation to freelance artists and creative teams for postponed or cancelled productions and the write off of other costs due to the postponement or cancellation of productions.

All costs are allocated between expenditure categories of the Statement of Financial Activities on a basis designated to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on a percentage of total expenditure.

h) Support costs

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

i) Governance costs

Governance costs of £38,521 (2021: £21,084) 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 2022

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 2022

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 2022

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

Group	Unrestricted funds		Restricted funds	2021
	General	Designated	funds	Total
	£	£	£	£
Income				
Donations	8,439,862	-	1,223,744	9,663,606
Charitable activities	100,153	-	164,530	264,683
Other trading activities	218,119	-	-	218,119
Investments	730	-	-	730
Coronavirus Job Retention Scheme	2,496,247	-	-	2,496,247
Total income	11,255,111	-	1,388,274	12,643,385
Expenditure				
Raising funds	459,362	-	-	459,362
Charitable activities	6,205,279	51,862	697,061	6,954,202
Cost of Coronavirus	3,312,596	-	-	3,312,596
Total expenditure	9,977,237	51,862	697,061	10,726,160
Net income/(expenditure) before theatre tax credit and transfers	1,277,874	(51,862)	691,213	1,917,225
Theatre tax credit	87,366	-	-	87,366
Net income/(expenditure) before transfers	1,365,240	(51,862)	691,213	2,004,591
Gross transfers between funds:				
Release of capital grants	147,814	(127,084)	(20,730)	-
Designation of funds	(1,400,000)	1,400,000	-	-
Net movement in funds	113,054	1,221,054	670,483	2,004,591

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

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

Company	Unrestricted funds		Restricted funds	2021 Total
	General	Designated		
	£	£	£	£
Income				
Donations	8,439,862	-	1,223,144	9,663,006
Charitable activities	100,153	-	164,530	264,683
Other trading activities	278,655	-	-	278,655
Investments	730	-	-	730
Coronavirus Job Retention Scheme	2,496,247	-	-	2,496,247
Total income	11,315,647	-	1,387,674	12,703,321
Expenditure				
Raising funds	321,179	-	-	321,179
Charitable activities	6,397,748	-	318,252	6,716,000
Cost of Coronavirus	3,312,596	-	-	3,312,596
Total expenditure	10,031,523	-	318,252	10,349,775
Net income before theatre tax credit and transfers	1,284,124	-	1,069,422	2,353,546
Theatre tax credit	87,366	-	-	87,366
Net income before transfers	1,371,490	-	1,069,422	2,440,912
Gross transfers between funds:				
Release of capital grants	147,814	(127,084)	(20,730)	-
Designation of funds	(1,400,000)	1,400,000	-	-
Net movement in funds	119,304	1,272,916	1,048,692	2,440,912

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

6. Income

a) Donations

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Scottish Government Revenue Grant	8,000,000	8,000,000	8,000,000	8,000,000
Scottish Government Additional Funding	245,000	161,296	245,000	161,296
Friends of Scottish Opera	76,819	80,435	76,819	80,435
Fundraising for Theatre Royal	600	600	-	-
Fundraising for core activities	503,671	1,421,275	503,671	1,421,275
	<u>8,826,090</u>	<u>9,663,606</u>	<u>8,825,490</u>	<u>9,663,006</u>

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

b) Charitable activities

Group and Company

	2022 £	2021 £
Main scale productions and concerts	983,587	193,308
Small and medium scale touring	86,479	984
Education	256,496	70,391
	<u>1,326,562</u>	<u>264,683</u>

The restricted income of £783,744 (2021: £164,530) represents funding from Companies, Trusts and private individuals.

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

6. Income (cont'd)

(c) Other trading income

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Set and costume construction and hire	281,561	92,129	281,561	92,129
Storage	34,245	43,920	34,245	43,920
Programmes and advertising	12,064	17,130	12,064	17,130
Royalties	2,545	15,222	2,545	15,222
Subsidiary trading income	157,617	12,068	-	-
Other income	143,326	16,440	143,326	110,254
Ticket levy income	44,612	21,210	-	-
	<u>675,970</u>	<u>218,119</u>	<u>473,741</u>	<u>278,655</u>

7. Expenditure

Group - 2022

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

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

7. Expenditure (cont'd)

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	368,452	14,049	76,861	459,362
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	640,879	936,215	2,239,424
Total charitable activities	4,373,173	640,879	1,940,150	6,954,202
Cost of Coronavirus	1,831,864	-	1,480,732	3,312,596
Total expenditure	6,573,489	654,928	3,497,743	10,726,160

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

	2022 £	2021 £
Design, construction and rehearsal costs	2,128,287	-

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

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

7. Expenditure (cont'd)

Company - 2022

	Staff costs £	Depreciation £	Other costs £	2022 Total £
Raising funds				
Fundraising costs	266,199	-	24,494	290,693
Charitable activities				
Main scale productions and concerts				
Basic staff costs	3,077,984	-	-	3,077,984
Design, construction and rehearsal costs	1,190,942	-	1,444,855	2,635,797
Performing costs	384,442	-	1,383,335	1,767,777
Marketing	364,255	-	266,558	630,813
	5,017,623	-	3,094,748	8,112,371
Small and medium scale touring	33,879	-	211,648	245,527
Education	178,131	-	501,532	679,663
Support costs (note 8)	626,409	264,447	1,299,287	2,190,143
Total charitable activities	5,856,042	264,447	5,107,215	11,227,704
Cost of Coronavirus	549,795	-	6,230	556,025
Total expenditure	6,672,036	264,447	5,137,939	12,074,422

Company - 2021

	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

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

7. Expenditure (cont'd)

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

	2022	2021
	£	£
Design, construction and rehearsal costs	2,128,287	-

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

Included within the Cost of Coronavirus are:

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

8. Support costs

Group - 2022

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

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

8. Support costs (cont'd)

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

Company - 2022

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

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

8. Support costs (cont'd)

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

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>	2022 £	2021 £
Charitable expenditure includes:		
Fees payable to auditor		
-audit services (company 2022 - £24,800, 2021 - £20,200)	29,200	23,200
-taxation	1,700	1,450
Depreciation (company 2022 - £ 264,447, 2021 - £262,070)	643,256	654,928
Operating lease rentals		
-land and buildings	133,474	133,474
-other	2,432	2,432

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

10: Interest payable and similar charges

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Other interest and charges	61,765	49,061	26,005	11,513
Unwinding of the discount factor (interest charge) (note 18)	49,954	51,862	-	-
	<u>111,719</u>	<u>100,923</u>	<u>26,005</u>	<u>11,513</u>

11. Staff costs

a) Group	2022 £	2021 £
Wages	3,900,018	3,820,271
Social security costs	362,800	419,274
Pension costs	292,872	330,701
	<u>4,555,690</u>	<u>4,570,246</u>

In addition costs have been incurred in the year totalling £2,027,379 (2021 - £1,740,697) in respect of non-permanent and temporary staff.

	2022 No.	2021 No.
The average number of employees in the year was	179	199

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 2022.

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

	2022 No.	2021 No.
£60,000 - £69,999	4	2
£70,000 - £79,999	-	1
£110,000 - £119,999	1	1
	<u>5</u>	<u>4</u>

For employees in the above bandings, contributions of £45,460 (2021 - £35,399) were made during the year for the provision of money purchase pension benefits.

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

11. Staff costs (cont'd)

b) Company	2022 £	2021 £
Wages	3,828,225	3,759,527
Social security costs	354,720	412,867
Pension costs	287,945	326,679
	<u>4,470,890</u>	<u>4,499,073</u>

In addition costs have been incurred in the year totalling £2,027,379 (2021 - £1,740,697) in respect of non-permanent and temporary staff.

	2022 No.	2021 No.
The average number of employees in the year was	177	196

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 2022.

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

	2022 No.	2021 No.
£60,000 - £69,999	4	2
£70,000 - £79,999	-	1
£110,000 - £119,999	1	1

For employees in the above bandings, contributions of £45,460 (2021 - £35,399) were made during the year for the provision of money purchase pension benefits.

c) Directors' emoluments – Group and Company	2022 £	2021 £
Emoluments	119,030	116,696
Company contributions paid to pension schemes	<u>19,522</u>	<u>16,835</u>
	2022 No.	2021 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 three (2021 – two) directors for travel and accommodation in the year totalling group £8,380, company £8,380 (2021 – group £1,595, company £1,595).

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

11. Staff costs (cont'd)

a) 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 £533,258 (2021: £511,749) and pension contributions of £56,198 (2021: £46,897). The Employers NIC paid for key management personnel was £63,822 (2021: £54,278).

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 2021	31,999,420	300,750	810,826	291,618	52,366	358,786	33,813,766
Additions	18,553	-	53,013	-	26,260	2,080	99,906
Disposals	-	-	-	-	-	(70,000)	(70,000)
At 31 March 2022	32,017,973	300,750	863,839	291,618	78,626	290,866	33,843,672
Aggregate depreciation:							
At 1 April 2021	14,335,191	215,988	678,965	291,618	49,710	322,612	15,894,084
Charge for the year	553,499	28,563	33,124	-	5,719	22,351	643,256
Disposals	-	-	-	-	-	(70,000)	(70,000)
At 31 March 2022	14,888,690	244,551	712,089	291,618	55,429	274,963	16,467,340
Net book value:							
At 31 March 2022	17,129,283	56,199	151,750	-	23,197	15,903	17,376,332
At 31 March 2021	17,664,229	84,762	131,861	-	2,656	36,174	17,919,682

Included in Freehold land and buildings is land with a net book value of £132,800 (2021: £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:

	2022 £	2021 £
Lighting desk	32,198	42,931

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

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 2021	4,561,467	300,750	810,826	291,618	50,070	273,337	6,288,068
Additions	18,553	-	53,013	-	26,260	2,080	99,906
Disposals	-	-	-	-	-	(70,000)	(70,000)
At 31 March 2022	<u>4,580,020</u>	<u>300,750</u>	<u>863,839</u>	<u>291,618</u>	<u>76,330</u>	<u>205,417</u>	<u>6,317,974</u>
Aggregate depreciation:							
At 1 April 2021	3,692,697	215,988	678,965	291,618	47,415	237,162	5,163,845
Charge for the year	174,690	28,563	33,124	-	5,719	22,351	264,447
Disposals	-	-	-	-	-	(70,000)	(70,000)
At 31 March 2022	<u>3,867,387</u>	<u>244,551</u>	<u>712,089</u>	<u>291,618</u>	<u>53,134</u>	<u>189,513</u>	<u>5,358,292</u>
Net book value:							
At 31 March 2022	<u>712,633</u>	<u>56,199</u>	<u>151,750</u>	<u>-</u>	<u>23,196</u>	<u>15,904</u>	<u>959,682</u>
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>

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

	2022 £	2021 £
Lighting desk	<u>32,198</u>	<u>42,931</u>

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

13. Investments

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Investment in subsidiary undertakings at cost	-	-	1,012	1,012

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

	Assets £	Liabilities £	Share capital and reserves £	Principal activity
Scottish Opera Theatre Royal Limited (Registered no: SC055506 Charity no: SC014382)	16,485,345	(4,482,340)	12,003,005	Ownership of Theatre Royal
Scottish Opera Services Limited (Registered no: SC223296)	295,364	(384,536)	(89,172)	Supply of transport services
Edington Productions Limited (Registered no: SC484377)	10	-	10	Production company

	Income £	Expenditure £	Net expenditure £
Scottish Opera Theatre Royal Limited	45,212	(473,375)	(428,163)
Scottish Opera Services Limited	240,182	(318,658)	(78,476)
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.

Scottish Opera
(Limited by Guarantee)

**Notes to the accounts
for the year ended 31 March 2022**

14. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	256,435	134,455	160,346	92,411
Other debtors	226,339	27,236	226,339	27,236
Other taxes	171,737	51,160	171,640	51,098
Future productions expenditure	602,680	444,709	602,680	444,709
Prepayments and accrued income	188,953	177,197	188,953	177,197
Amount due from subsidiaries	-	-	1,469,756	1,147,626
Theatre tax credit	698,019	87,366	698,019	87,366
	<u>2,144,163</u>	<u>922,123</u>	<u>3,517,733</u>	<u>2,027,643</u>

Included in future production expenditure are amounts of £17,977 (2021: £338,125) due after more than one year.

Trade debtors for the group and company is shown net of the bad debt provision of £4,630 (2021: £4,630). Movements in the bad debt provision are included within support costs.

15. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	598,102	1,792,267	579,704	1,719,584
Bank overdraft (note 16)	(22,528)	(42,177)	(22,528)	(42,177)
	<u>575,574</u>	<u>1,750,090</u>	<u>557,176</u>	<u>1,677,407</u>

16. Creditors: amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank overdraft (note 15)	22,528	42,177	22,528	42,177
Trade creditors	285,618	199,740	441,954	300,349
Other taxes and social security costs	142,304	103,411	142,304	103,411
Accruals and other obligations	410,972	282,789	401,344	273,161
Loans (note 18)	154,005	150,046	-	-
Hire purchase creditor (note 19)	8,957	21,498	8,957	21,498
	<u>1,024,384</u>	<u>799,661</u>	<u>1,017,087</u>	<u>740,596</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.

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Loans (note 18)	3,131,292	3,285,297	-	-
Hire purchase creditor (note 19)	-	8,957	-	8,957
	<u>3,131,292</u>	<u>3,294,254</u>	<u>-</u>	<u>8,957</u>

18. Other loans

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
£4,000,000 loan at 0.5%, repayable in annual instalments	2,525,891	2,636,001	-	-
£1,000,000 loan at 2.47%, repayable in annual instalments	759,406	799,342	-	-
Less: Included in creditors: amounts falling due within one year (note 16)	(154,005)	(150,046)	-	-
	<u>3,131,292</u>	<u>3,285,297</u>	<u>-</u>	<u>-</u>
	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Amounts repayable:				
In one year or less (note 16)	154,005	150,046	-	-
Between one and two years	156,059	152,001	-	-
Between two and five years	481,022	468,229	-	-
In more than five years	2,494,211	2,665,067	-	-
	<u>3,285,297</u>	<u>3,435,343</u>	<u>-</u>	<u>-</u>

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

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

18. Other loans (cont'd)

Group

The interest rate applied to the group loans are not market rates of interest. In accordance with FRS 102, the loans have been discounted to the net present value of the future cash flows using a market rate of interest for a similar debt instrument. The total net present value of the future cash flows at 31 March 2022 is £3,285,297 (2021: £3,435,343).

	2022 £	2021 £
Provision at 1 April	3,435,343	3,583,481
Unwinding of the discount factor (Interest charge) (note 10)	49,954	51,862
Payment	(200,000)	(200,000)
Provision at 31 March	<u>3,285,297</u>	<u>3,435,343</u>

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Not later than one year	8,957	21,498	8,957	21,498
Later than one year and not later than five years	-	8,957	-	8,957
	<u>8,957</u>	<u>30,455</u>	<u>8,957</u>	<u>30,455</u>

20. Designated funds

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

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 2022/23 and 2023/24.

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.

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

21. Funds

Group - 2022

	As at 31 March 2021 £	Income £	Expenditure £	Theatre tax credit £	Transfers £	As at 31 March 2022 £
Restricted funds						
Advance funding	12,077,674	245,000	(537,166)	-	-	11,785,508
Fundraising	1,126,316	891,986	(1,323,524)	-	-	694,778
	<u>13,203,990</u>	<u>1,136,986</u>	<u>(1,860,690)</u>	<u>-</u>	<u>-</u>	<u>12,480,286</u>
Unrestricted funds – General	1,107,614	10,343,913	(10,861,978)	714,487	(892,712)	411,324
Unrestricted funds - Designated						
Capital grants and donations	109,596	-	-	-	(107,288)	2,308
Theatre tax credit	154,300	-	-	-	-	154,300
Future projects	1,400,000	-	-	-	1,000,000	2,400,000
Discounting of loans	564,657	-	(49,954)	-	-	514,703
	<u>2,228,553</u>	<u>-</u>	<u>(49,954)</u>	<u>-</u>	<u>892,712</u>	<u>3,071,311</u>
	<u>16,540,157</u>	<u>11,480,899</u>	<u>(12,772,622)</u>	<u>714,487</u>	<u>-</u>	<u>15,962,921</u>

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>

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

21. Funds (cont'd)

Company - 2022		As at 31 March 2021 £	Income £	Expenditure £	Theatre tax credit £	Transfers £	As at 31 March 2022 £
Restricted funds							
Advance funding		212,163	245,000	(158,357)	-	-	298,806
Fundraising		1,126,316	891,386	(1,323,524)	-	-	694,178
		<u>1,338,479</u>	<u>1,136,386</u>	<u>(1,481,881)</u>	<u>-</u>	<u>-</u>	<u>992,984</u>
Unrestricted funds - General		1,120,534	10,141,684	(10,592,541)	714,487	(892,712)	491,452
Unrestricted funds - Designated							
Capital grants and donations		109,596	-	-	-	(107,288)	2,308
Theatre tax credit		154,300	-	-	-	-	154,300
Future projects		1,400,000	-	-	-	1,000,000	2,400,000
		<u>1,663,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>892,712</u>	<u>2,556,608</u>
		<u>4,122,909</u>	<u>11,278,070</u>	<u>(12,074,422)</u>	<u>714,487</u>	<u>-</u>	<u>4,041,044</u>
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>

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

21. Funds (cont'd)

Advance Funding

This contains monies received from public funds for projects in future years. This includes support for future offshore touring, and new opera productions. The group balance also contains funds to transform the Theatre Royal.

Fundraising

This fund consists of fundraising monies given to be used for specific projects including main scale opera and education projects.

Designated Funds

See note 20 above.

Funds transfers

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

The Board transferred £1m in 2021/22 to increase the designated fund to enable the group and company to recover from the global pandemic during the financial years 2022/23 and 2023/24.

22. Analysis of funds among net assets

Group - 2022

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

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

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

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

Company - 2022

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

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

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

23. Obligations under operating leases

Commitments under non-cancellable operating leases are as follows:

	2022 Land & buildings £	2022 Other £	2021 Land & buildings £	2021 Other £
<i>Group and company</i>				
Operating leases which expire:				
Not later than one year	133,474	405	124,918	2,432
Later than one year and not later than five years	248,448	-	180,000	410
Later than five years	45,000	-	90,000	-
	<u>426,922</u>	<u>405</u>	<u>394,918</u>	<u>2,842</u>

24. Liability of members

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

25. Cash flow statement notes

Net cash provided by operating activities

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Net (expenditure)/income on ordinary activities	(696,290)	113,054	(629,082)	119,304
Net income in restricted and designated funds	119,054	1,891,537	547,217	2,321,608
Interest receivable	-	(730)	-	(730)
Interest payable	61,765	49,061	26,005	11,503
Depreciation	643,256	654,928	264,447	262,070
(Increase)/decrease in debtors	(1,222,040)	1,752,686	(1,490,090)	1,328,356
Increase/(decrease) in creditors	252,954	(1,491,041)	308,681	(1,328,091)
Unwinding of the discount factor (interest charge)	49,954	51,862	-	-
	<u>(791,347)</u>	<u>3,021,357</u>	<u>(972,822)</u>	<u>2,714,020</u>

Scottish Opera
(Limited by Guarantee)

Notes to the accounts
for the year ended 31 March 2022

25. Cash flow statement notes (continued)

Analysis of net debt

Group	At 1 April 2021 £	Cash flows £	Other changes £	At 31 March 2022 £
Cash and cash equivalents	1,750,090	(1,174,516)	-	575,574
Loans falling due within one year	(150,046)	200,000	(203,959)	(154,005)
Loans falling due in more than one year	(3,285,297)	-	154,005	(3,131,292)
Hire purchase creditor falling due within one year	(21,498)	21,498	(8,957)	(8,957)
Hire purchase creditor falling due in more than one year	(8,957)	-	8,957	-
	<u>(1,715,708)</u>	<u>(953,018)</u>	<u>(49,954)</u>	<u>(2,718,680)</u>
 Company	 At 1 April 2021 £	 Cash flows £	 Other changes £	 At 31 March 2022 £
Cash and cash equivalents	1,677,407	(1,120,231)	-	557,176
Hire purchase creditor falling due within one year	(21,498)	21,498	(8,957)	(8,957)
Hire purchase creditor falling due in more than one year	(8,957)	-	8,957	-
	<u>1,646,952</u>	<u>(1,098,733)</u>	<u>-</u>	<u>548,219</u>

26. Commitments

The group/company is committed to contracts with guest artistes, etc. and other costs in connection with future productions in the sum of £339,390 (2021 - £423,165) of which £339,390 relates to the year to 31 March 2023 and £nil relates to later years. These amounts have not been included in the accounts.

27. Pension commitments

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

The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £292,872 for the group and £287,945 for the company (2021 - £330,701 and £326,679 respectively). At 31 March 2022 contributions amounting to £51,780 (2021: £44,264) were payable to the funds. This amount is included within accruals and other obligations.

Notes to the accounts
for the year ended 31 March 2022

28. Contingent liabilities

There are contingent liabilities totalling £7,393,796 (2021 - £7,393,796) for the group and £2,336,796 (2021 - £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.

29. 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 £nil (2021: £5,000) 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 £1,410 (2021: £3,510) for legal services from Miller Samuel Hill Brown LLP. The director Peter Lawson is a member of this entity.