



SCOTLAND'S NATIONAL
ORCHESTRA

ANNUAL REPORT

For the year ended 31 March 2021





PATRON: Her Majesty the Queen

RSNO ARTISTIC TEAM

Thomas Søndergård
MUSIC DIRECTOR

Neeme Järvi
CONDUCTOR LAUREATE

Junping Qian
ASSOCIATE CONDUCTOR (until July 2020)

Elim Chan
PRINCIPAL GUEST CONDUCTOR

Alexander Lazarev
CONDUCTOR EMERITUS

Kellen Grey
ASSOCIATE CONDUCTOR (from March 2021)

RSNO CHORUS ARTISTIC TEAM

Gregory Batsleer
CHORUS DIRECTOR, RSNO CHORUS

Patrick Barrett
CHORUS DIRECTOR, RSNO JUNIOR CHORUS

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THE ORCHESTRA

THE ORCHESTRA

World-class music for the people of Scotland and beyond

Formed in 1891 as the Scottish Orchestra, in 1950 it became the Scottish National Orchestra and was awarded Royal Patronage in 1977. Throughout its history, the Orchestra has played an integral part in Scotland's musical life, including performing at the opening ceremony of the Scottish Parliament building in 2004. Many renowned conductors have contributed to its success, including George Szell, Sir John Barbirolli, Walter Susskind, Sir Alexander Gibson, Neeme Järvi, Bryden Thomson, Walter Weller, Alexander Lazarev, Stéphane Denève and Peter Oundjian.

The Orchestra's artistic team is led by Danish conductor Thomas Søndergård, who was appointed RSNO Music Director in 2018, having previously held the position of Principal Guest Conductor. Hong Kong-born Elim Chan succeeded Søndergård as Principal Guest Conductor.

The RSNO performs across Scotland, including concerts in Glasgow, Edinburgh, Dundee, Aberdeen, Perth and Inverness. The Orchestra appears regularly at the Edinburgh International Festival and the BBC Proms at London's Royal Albert Hall, and has made recent tours to the USA, China and throughout Europe. The RSNO was an active participant in the cultural programme of the 2014 Commonwealth Games, held in Glasgow, and in the same year hosted the Ryder Cup Gala Concert at Glasgow's SSE Hydro.

The Orchestra is joined for choral performances by the RSNO Chorus, directed by Gregory Batsleer. The RSNO Chorus evolved from a choir formed in 1843 to sing the first full performance of Handel's *Messiah* in Scotland. Today the RSNO Chorus is one of the most distinguished large symphonic choruses in Britain, with a membership of 125. The Chorus has performed nearly every work in the standard choral repertoire, along with contemporary works by renowned composers including John Adams, Danny Elfman, Magnus Lindberg, James MacMillan and Howard Shore.

The acclaimed RSNO Junior Chorus, formed in 1978 by Jean Kidd, also performs regularly alongside the Orchestra. The Junior Chorus, under Patrick Barrett, has a membership of 364, with members aged from 7 to 18. The RSNO Junior Chorus has built up a considerable reputation singing under some of the world's most distinguished conductors and appearing on radio and television.

The RSNO has a worldwide reputation for the quality of its recordings, receiving two Diapason d'Or de l'année awards for Symphonic Music (Denève/Roussel 2007; Denève/Debussy 2012) and eight GRAMMY Awards nominations. Over 200 releases are available, including the complete symphonies of Sibelius (Gibson), Prokofiev (Järvi), Glazunov (Serebrier), Nielsen and Martinů (Thomson) and Roussel (Denève), and the major orchestral works of Debussy (Denève). Thomas Søndergård's first recording with the Orchestra (Strauss' *Ein Heldenleben*) was released on the Linn label in April 2019, with two Prokofiev symphonies following in February 2020.

The RSNO's pioneering Music for Life framework aims to engage the people of Scotland with music across key stages of life. The RSNO is committed to placing the Orchestra at the centre of Scottish communities across the length and breadth of the country.

CHAIRMAN'S REPORT

The COVID-19 crisis caused one of the most challenging periods in the RSNO's 130-year history. As the 2019:20 financial year ended, the potential impact of the COVID-19 pandemic started to become apparent. Following government guidance, the health of our musicians, staff and audiences became our primary concern as we cancelled all our concerts from March 2020. The financial impact of ticket sales income being switched off overnight was mitigated by the continued invaluable support of the Scottish Government and our loyal supporters. This, combined with the support from the Coronavirus Job Retention Scheme, slowed the rate at which we needed to lean on our reserves, while musicians who were not furloughed utilised their skills in the production of excellent and very much welcomed digital content.

The pandemic has, however, also fast-tracked our digital transformation, enabling us to reach more people and communities than during any other period. The RSNO is one of the first orchestras in the world to have monetised our digital work through our two digital concert seasons. Years of careful management and vital government support have fostered a resilience that has enabled us to weather the challenges of this financial year.

Over the last year, we have achieved over a million views through digital performances, online musical challenges, interactive music-making, virtual singing sessions, online care home concerts and a host of other diverse community activities. August was a monumental month as the Orchestra stepped back on stage for our first performance since March. Music Director Thomas Søndergård returned to Scotland for a performance with mezzo-soprano Karen Cargill, recorded as part of the Edinburgh International Festival's *My Light Shines On*.

Thomas Søndergård has continued to build strong and reciprocal relationships with the Orchestra's musicians, audiences, supporters and the media. I am delighted that he has agreed to extend his contract, from February 2021, for another three years. I would like to thank Thomas for his outstanding contributions during the year, as well as the other members of the Orchestra's artistic team: Principal Guest Conductor Elim Chan, Associate Conductor Junping Qian, RSNO Chorus Director Gregory Batsleer and RSNO Junior Chorus Director Patrick Barrett.

I wish to recognise and thank all the loyal subscribers and audiences across Scotland who have supported the RSNO throughout this year. I am extremely grateful to the Scottish Government for the support it provides to the RSNO. I would also like to thank the RSNO's generous private supporters, corporate partners and local authorities for their significant contributions.

I would like to record my sincere thanks on behalf of the Board of Directors to RSNO Violinist and Assistant Librarian Michael Rigg who retired in October after an incredible career of just over 40 years with the RSNO. I also wish to pass our sincere condolences to the family of Isabel Gourdie (RSNO retired violinist) who passed away this January. The Board extends a very warm welcome to those musicians who joined the RSNO during the past year, including Timothy Orpen (Principal Clarinet) in September 2020, Emily Nenninger (2nd Violinist) in August 2020 and Assistant Conductor Kellen Gray in March 2021.

Music has brought – and will always bring – joy and solace. Amid the continuing uncertainty of a global pandemic, it has at times been a challenge to look forward and appreciate what the future might bring. But with hope brought by modern medicine, it is now time for Scotland's National Orchestra to turn to new possibilities that lie ahead. Orchestral music has survived for centuries and the RSNO's 130-year history proves our resilience. I would like to offer my sincere thanks to our artistic team for their excellent leadership throughout the year, and our Board – who continue to serve us generously, giving both their time and expertise – including recently appointed Elected Directors Kat Heathcote and David Robinson and

CHAIRMAN'S REPORT (continued)

Player Directors Lorna Rough and Paul Philbert. I also would like to pay particular thanks to Lisa Rourke and Ursula Heidecker Allen, who retired from the board at the last AGM. Finally, I wish to extend appreciation to the musicians and staff of the RSNO for their enthusiasm and unwavering dedication to making the Orchestra one of Europe's finest.

A handwritten signature in black ink, reading "Susan Bruce". The signature is written in a cursive, flowing style.

Dame Susan Bruce DBE
Chair

CHIEF EXECUTIVE'S REPORT

My second year as Chief Executive has proved to be one of the most significant in the RSNO's history. The COVID-19 pandemic has fundamentally changed what it means to be a symphonic orchestra. It has also reinforced our belief in the power of music to connect, entertain, educate, provide respite and improve our well-being.

When lockdown started, the RSNO was presented with a choice: liquidate, hibernate or innovate. Fuelled by a determination to remain relevant to the diverse communities we serve, we have, in a matter of months, reinvented every area of our organisation.


Over the last year, the staff and the musician group have constructed new ways of working together, both remotely and safely in the RSNO Centre. They have become film-makers, presenters, air-quality monitors, virus-protection experts and creators of online content. They have had to understand and deliver completely new income-generation models, build new relationships, work out technologies that we had little or no knowledge of a few months ago and live with uncertainties on an unprecedented scale. Our musicians, soloists, conductors, partners, participants and audiences now use technology to create and experience music in new and innovative ways.

One of my central priorities as Chief Executive has been to accelerate the RSNO's digital output. Music Director Thomas Søndergård, Principal Guest Conductor Elim Chan and the other members of the artistic team have continued to lead the Orchestra, producing two digital seasons that reached our loyal subscriber base in addition to generating new audiences for our work. This year we achieved over a million views for our online content. In addition to our ticketed output, we have produced a wealth of free material.

Accessible content remained a priority. The Orchestra's Music for Life programmes – aiming to engage people of all ages and abilities with Scotland's National Orchestra, no matter their circumstances – moved online. During a brief spell between lockdowns, we produced a series of Playground Pop-Ups outdoors. We have also produced online content for children, families, young people, amateur musicians and singers, and care home residents, bringing the transformative power of music to those most affected by the pandemic in spite of the many challenges faced.

It is often said that organisations that can respond and adapt to crisis emerge stronger and more resilient than ever. Necessary changes are accelerated, and the benefits of these changes extend far beyond the crisis that generated them. With the unprecedented stresses on public finance that inevitably lie ahead, we will need to be even more focused and creative in generating new income streams and exploiting new technologies.

I do hope that the time when we can all be together again in a full hall playing great music is now not too far away. When it comes, I know I will appreciate it like never before. I will look forward to the weekly routines of rehearsal and performance returning, to the RSNO Centre once again resonating to the sound of the great music we play and perhaps most of all to having the RSNO community back together in one place. Finally, I would like to extend my sincere thanks to the staff, Artistic Team, Orchestra and Board for their hard work and unstinting dedication over the past year.



Alistair Mackie
Chief Executive

DIRECTORS' REPORT

For the Year Ended 31 March 2021

OBJECTIVES AND ACTIVITIES

The Royal Scottish National Orchestra Society Limited ('the Society') seeks to provide all of Scotland with music-making of the highest quality. Scotland's National Orchestra aims to:

- enrich the cultural life of the nation;
- reach the widest possible audience;
- encourage and develop musical talent; and
- aspire to the best possible standards in management and in music

The principal activity of the Society is to administer the Royal Scottish National Orchestra, which gives performances of symphonic music in Scotland, the rest of the UK and abroad, and engages in a wide range of learning and engagement work across many different communities. In continuing the artistic development of the Orchestra and enabling a wider appreciation of music in Scotland, the Society is dependent on continuing government support, but is also reliant, to an increasing extent, on support from the private sector. The vast majority of the Society's expenditure in the year was directly in support of these activities.

The Society measures its success through a combination of quantitative and qualitative approaches, particularly attendance and repeat attendance, number of concerts and workshops, penetration throughout Scotland (all regions, not just the major Central Belt cities), engagement with and value of donors and audiences, audience feedback and press and other reviews. Digital reach became a key metric during the COVID-19 pandemic.

STRATEGIC REPORT

PERFORMANCES AND ACHIEVEMENTS

Last 2020 Live RSNO Concert and the Friday Night Club

On 14 March 2020, the RSNO gave its last live concert of the year, under the baton of Music Director Thomas Søndergård. When lockdown began a few days later, the Digital Team worked hard to bring our first Friday Night Club online 'couch concert' – featuring Sir Roger Norrington conducting Beethoven's Symphony No3 *Eroica* – into people's homes on 27 March, the first of 15 weekly broadcasts of pre-recorded archive RSNO performances. The Friday Night Club is available on Facebook and YouTube, and via the RSNO website.

RSNO Sunday Sounds

Launched on 10 May, Sunday Sounds was 21 short weekly videos of solo performances by RSNO musicians of their personal favourites made in their own homes. The series was recommended by *The Guardian* as 'essential lockdown listening'.

RSNO Tour Truck Makes Foodbank Deliveries

Repurposing our iconic touring truck, the RSNO's Stage and Production Manager, Craig Swindells, and Deputy Stage Manager, Michael Cameron, delivered large pallets of food packages to volunteer organisations working with vulnerable individuals in Scotland's Highlands and Islands (Oban, Iona, Mull, Dunoon) in partnership with MoveOn and FareShare Glasgow & the West of Scotland.

Directors' Report

For the Year Ended 31 March 2021

STRATEGIC REPORT (continued)

PERFORMANCES AND ACHIEVEMENTS (CONTINUED)

MBE awarded to Paul Philbert

RSNO Principal Timpani, Paul Philbert, was awarded an MBE in the Queen's Birthday Honours for services to music.

RSNO's Diversity Self-Audit with London Music Masters

In response to the global Black Lives Matter movement and social justice issues that came to the fore during the lockdown, the RSNO reached out to London Music Masters, a charity whose mission is to bring music to minority communities across the UK. Following a successful application, we were awarded a fully funded place in the programme called *I'm In*, providing us with a chance to perform a diversity audit on ourselves.

Edinburgh International Festival

The RSNO stepped back onto the stage for our first performance since March. Music Director Thomas Søndergård returned to Scotland to conduct Mahler's Symphony No7 and three songs from Mahler's *Rückert-Lieder* with Scottish mezzo-soprano Karen Cargill, recorded as part of the Edinburgh International Festival's *My Light Shines On* digital season.

2020 Salomon Prize

RSNO Viola, Katherine Wren, received a Special Commendation from the 2020 Salomon Prize Committee, recognising her contribution to all aspects of orchestral life and her work on *Nordic Viola*, a project designed to create and share music with people in the remote reaches of the North Atlantic.

Youth Advisory Board

The RSNO became the first National Performing Company in Scotland to appoint a Youth Advisory Board, a group of eight young people (aged 16-19) who 'reverse-mentor' the RSNO Senior Management Team and act as critical friends to the organisation.

The RSNO's First-Ever Digital Season

The RSNO was one of the first orchestras in the world to successfully launch and monetise a Digital Season. Hosted on Vimeo, the Digital Season comprised ten world-class concerts filmed at our studio in Glasgow, performed by the socially distanced Orchestra and broadcast fortnightly until February 2021. Key repertoire strands included: Polska Scotland, celebrating Scotland's friendship with Poland; Scotch Snaps, dedicated to profiling the works of contemporary Scottish composers or those that have made Scotland their home; and Hidden Voices, showcasing pieces from the BAME classical repertoire previously rarely performed in Scotland. The first ten concerts – supported by our helpdesk and how-to guides, downloadable programme notes, and repertoire introductions by RSNO musicians, world-renowned conductors and soloists – reached international viewers and garnered praise from audiences and press around the world.

Free concerts for Families, Care Homes and Hospices

Between October and December 2020, the RSNO produced three free concert films for families across the country: *Tara the Tugboat* (an illustrated concert movie with British Sign Language interpretation and Makaton songs); *The Haunted Concert Hall* (a Halloween production filmed at Dundee's Caird Hall); and *The Night Before Christmas* (an interactive performance packed with festive family favourites). Developed in partnership with Starcatchers, Scotland's National Arts and Early-Years Organisation (*Tara the Tugboat*)

Directors' Report

For the Year Ended 31 March 2021

STRATEGIC REPORT (continued)

PERFORMANCES AND ACHIEVEMENTS (CONTINUED)

and Children's Classic Concerts (*The Haunted Concert Hall*, *The Night Before Christmas*), these three engaging digital performances reached tens of thousands of people. Additionally, the RSNO developed a Digital Care Package comprising three concerts from the Digital Season, which was distributed for free in December 2020 to care homes, hospices and other community partners across the country.

Gramophone Concerto Award 2020

The RSNO won the Gramophone Concerto Award 2020 for our recording of Chopin Piano Concertos with Benjamin Grosvenor, conducted by Principal Guest Conductor Elim Chan, recorded at our Glasgow studio and released with Decca Records in February 2020. The recording was also recommended by *The New York Times* as part of the '25 Best Classical Music Tracks of 2020' feature in December 2020.

Polska Scotland Launch

On 4 December 2020, the RSNO launched its Polska Scotland series, one of the main repertoire strands of the Digital Season, with a performance of Penderecki's *Adagio for Strings*. To accompany the series of performances of works by some of Poland's finest composers, the Orchestra released a short documentary celebrating the friendship between the two nations. Polska Scotland is supported by the Consulate General of the Republic of Poland in Edinburgh and the Adam Mickiewicz Institute.

Early Day Motion

Following the world premiere of *Three Belarusian Folk Songs*, composed by the RSNO's Principal Horn, Christopher Gough, and performed by RSNO Principal Cello, Aleksei Kiseliov, as part of the Orchestra's Digital Season, the UK Parliament tabled an Early Day Motion acknowledging the RSNO's digital achievements and the gesture of solidarity with the people of Belarus amid the turbulent political climate in the country. The piece was commissioned as part of the RSNO's ongoing Scotch Snaps series.

Classical Music Digital Awards 2020

The RSNO won the Lockdown Project – Orchestra category at the Classical Music Digital Awards 2020 for its At Home series (Friday Night Club, Sunday Sounds and #RSNOchallenge). Recognising the Orchestra's hard work across the classical music sector in this toughest of years, the RSNO was also Highly Commended in the Orchestra of the Year category. The Classical Music Digital Awards were presented by David Taylor, a leading entrepreneur in the world of classical music.

RSNO Chatinée

From the first lockdown, the RSNO's Artistic Planning Team experimented with different formats of digital pre-concert talks and introductions to the concert repertoire. In December 2020, we piloted our very first RSNO Chatinée, a lively musical debate on Zoom Webinar featuring RSNO musicians and expert guests, introducing audiences to Polska Scotland. Subsequent Chatinée programmes have focused on new compositions and Principals Month, and all can still be viewed on YouTube.

RSNO Principals Month

Throughout March 2021, the RSNO presented four weeks of free content featuring four of the Orchestra's Principal musicians. Every Monday featured a *Beginner's Guide to...* video, followed by an *In Conversation With...* video every Wednesday, and concluded on Fridays with a concerto performance.

Directors' Report

For the Year Ended 31 March 2021

STRATEGIC REPORT (continued)

PERFORMANCES AND ACHIEVEMENTS (CONTINUED)

Clydebank '41

A documentary film, featuring RSNO Principal Horn Christopher Gough's composition *Clydebank '41*, was premiered on YouTube on Sunday 14 March – 80 years on from the Clydebank Blitz. A moving tribute to those who perished during the attack, followers on social media responded with their own memories and stories from that time.

Assistant Conductor Appointment

The RSNO recruits an Assistant Conductor on a biennial basis. The two-year programme is intended for exceptionally talented early-career conductors to develop their skills and gain invaluable work experience with a professional orchestra. At the end of Season 2019:20, Junping Qian, who was recruited to the post in 2018, finished his term. American conductor Kellen Gray was appointed the RSNO's new Assistant Conductor, supported by the Solti Foundation.

RSNO Recordings: April 2020–March 2021

Six commercial recordings featuring the RSNO were released during the year. These included works by Franck, Massenet and Delibes (the latter conducted by RSNO Conductor Laureate Neeme Järvi), Scottish composer Thomas Wilson's Symphonies Nos 2 and 5, and the premiere recording of David Earl's Symphony in C (a Carbon Symphony), as well as a collaboration with the National Youth Choir of Scotland in works by, among others, James MacMillan and Eric Whitacre.

MUSIC FOR LIFE

The Covid-19 pandemic has highlighted the need for innovative digital initiatives to reach people of all ages, no matter their circumstances. In response, the RSNO Learning and Engagement Team moved all its annually delivered Music for Life educational projects online.

EARLY YEARS AND FAMILIES

Astar App

The RSNO's baby app, Astar (Gaelic for 'journey'), continues to be distributed to almost 50,000 new parents annually through the Scottish Government's Baby Box initiative. Astar is designed to contribute towards the health and well-being of newborns and their families, enabling caregivers and infants to bond through music. In 2021, we are committed to improving the app's interactivity by investing in a redevelopment that will optimise it for new operating systems.

#RSNOchallenge

Designed specifically to support parents who were home-schooling during lockdown, we inspired viewers to use household objects to create instruments and encourage music-making at home. These fun, family-friendly challenges, sponsored by ScotRail, presented by RSNO musicians were released every Wednesday for 15 consecutive weeks. The RSNO partnered with Young Scot to enable members to earn points for taking part.

Directors' Report

For the Year Ended 31 March 2021

STRATEGIC REPORT (continued)

PERFORMANCES AND ACHIEVEMENTS (CONTINUED)

Tara the Tugboat

To celebrate Scotland's Year of Coasts and Waters, the RSNO produced *Tara the Tugboat*, an illustrated free concert film featuring the socially distanced Orchestra, British Sign Language interpretation and Makaton songs, accompanied by resources developed in partnership with Starcatchers, Scotland's National Arts and Early Years Organisation. Presented by Lisa Rourke, RSNO Sub-principal Viola, the concert experience was aimed at a wide group of children, parents, families and teachers whose daily routines have been disrupted due to Covid-19.

The Haunted Concert Hall

Working in collaboration with Children's Classic Concerts, the RSNO produced a digital Halloween concert featuring the RSNO Junior Chorus aimed at family audiences UK-wide. With the Caird Hall in Dundee reopening for the first time especially for the filming, we were able to take advantage of an empty concert hall and the technical wizardry that filming affords.

The Night Before Christmas

A further collaboration with Children's Classic Concerts, a digital Christmas spectacular for families, was available on demand for one month from 12 December 2020 on YouTube, Facebook and – for the first time – STV Player. Presented by Owen Gunnell and featuring the RSNO Junior Chorus, the concert film attracted viewers internationally.

NURSERIES AND SCHOOLS

RSNO Nursery Sounds

Aimed at nursery pupils, the RSNO produced five videos featuring RSNO musicians singing and playing along to popular nursery rhymes. RSNO Nursery Sounds with Makaton inspired creativity and music-making at a time when creative learning initiatives for the youngest audiences across the country ceased due to the challenges faced by the cultural sector.

Playground Pop-Ups

During a short period of eased lockdown restrictions, small groups of RSNO musicians performed five socially distanced pop-up concerts in the playgrounds of primary schools across Glasgow. These interactive outdoor performances provided almost 300 pupils and teachers with an opportunity to hear live music performed by RSNO musicians at a time when, due to Covid-19, activity within schools was severely curtailed.

Arts Alive School Residencies

Launched in partnership with the Scottish Book Trust and National Performing Companies, Arts Alive School Residencies provide high-quality professional arts experiences for young people, and have been shown to contribute to improved confidence and well-being and to narrow the attainment gap. During the 2020:21 pilot, schools across Scotland were able to apply for fully funded artist residencies from professional artists, including RSNO musicians.

Directors' Report

For the Year Ended 31 March 2021

STRATEGIC REPORT (continued)

PERFORMANCES AND ACHIEVEMENTS (CONTINUED)

YOUNG PEOPLE AND STUDENTS

RSNO Work Experience

The RSNO regularly accepts student placements from schools, colleges and universities in Scotland and across the UK. Through the scheme, participants undertake agreed work experience within various departments at the RSNO and gain an in-depth understanding of the running of a major arts organisation. In 2020, three young people benefited from the scheme.

RSNO Young Ambassadors

The RSNO Young Ambassadors scheme provided 20 young people with an opportunity to engage with classical music and RSNO musicians. In March 2020, the Scottish Government Minister for Children and Young People, Maree Todd MSP, met with the Young Ambassadors to discuss the role of young people in Scotland's culture sector and the accessibility of classical music. During lockdown, the Young Ambassadors continued to meet online twice a week. Their sessions featured special guests, including RSNO musicians, Chief Executive Alistair Mackie, composers, conductors and other professionals whose careers in the international creative sector inspire and motivate young people.

Takeover online – Going Places

The 2020 Takeover project was delivered entirely online. Under the guidance of American composer Nathan Hall, an expert in digital engagement with music, 24 young people from 15 local authorities across Scotland undertook the planning, marketing, communication and delivery of an innovative digital audiovisual performance of an original composition. The world premiere of *Going Places* in June 2020 was accompanied by a pre-concert talk and interactive programme notes, and incorporated multiple languages, including Gaelic and British Sign Language.

RSNO Youth Advisory Board

The Youth Advisory Board comprises eight young people (aged 16-19) who 'reverse-mentor' the RSNO Senior Management Team. The initiative ensures that young people's voices are heard at the heart of everything the Orchestra does. It enables young people to act as catalysts – to start ideas, spark discussion, challenge where necessary, and be critical friends to the organisation. Board members actively work with the Learning and Engagement Team to co-design projects for young people, ensuring the RSNO's youth activities adequately respond to the needs and interests of teenagers and students across Scotland. The RSNO is the first National Performing Company in Scotland to appoint a Youth Advisory Board.

RSNO Young Creatives

The RSNO launched Young Creatives as an amalgamation of two previously highly successful youth initiatives: RSNO Takeover and RSNO Young Ambassadors. Due to the pandemic, the 2020:21 Young Creatives was delivered in an entirely digital format, as an eight-week series of after-school creative online projects for young people (aged 14-18) across Scotland. The project allowed participants to build their skills, confidence and resilience; improve their career prospects; nourish their creativity and well-being; and connect with peers from diverse backgrounds. With support from project leader Jim Manganello, a performer, director and movement director originally from Detroit, the first cohort of Young Creatives (16 young people from 12 local authorities) created *After Dark*, an original audio work inspired by the late-night radio show. The work was a unique collage of music and sound, stories and interviews, and dreams spoken out loud – a portrayal of teenage life in 2020.

Directors' Report

For the Year Ended 31 March 2021

STRATEGIC REPORT (continued)

PERFORMANCES AND ACHIEVEMENTS (CONTINUED)

Digital Care Package for University Students

In response to new lockdown restrictions announced at the start of the academic year, the RSNO's Youth Advisory Board developed a Digital Care Package, a set of five Spotify playlists called Lockdown Listening. To share their love for music, board members chose pieces that demonstrate how diverse classical music can be – a combination of upbeat and relaxing pieces to show university students across the country that the RSNO was thinking about them at a time when things may have been difficult. The Digital Care Package was distributed to students at universities Scotland-wide, as well as to Prescribe Culture service users at the University of Edinburgh.

EMERGING COMPOSERS, MUSICIANS AND CONDUCTORS

Composers' Hub

Composers' Hub provides five composers in the early stages of their career with an opportunity to write for orchestra in a range of contexts, to develop skills and creative relationships, and to acquire an understanding of the business of a major arts organisation. Due to the pandemic, the final workshop for the 2019:20 Composers' Hub cohort was moved to Spring 2021. In Autumn 2020, the panel selected five UK-based composers to form the 2020:21 cohort, which met for coaching sessions both in-person and online. For the first time, an additional international participant is also taking part in the 2020:21 project; with the support of the Adam Mickiewicz Institute, we were able to appoint a talented early-career Polish composer to cross-fertilise international exchange and creative ideas.

RSNO/RCS Apprenticeship Scheme

This initiative is designed to develop talented music students by kick-starting their experience with a professional orchestra. Royal Conservatoire of Scotland students are invited to audition in the same way that the RSNO would structure auditions for real vacancies within the Orchestra. In Spring 2020, 13 students took part.

Notes from Scotland

The RSNO piloted a new format of the *Notes from Scotland* project. Previously a composition competition, the project was redeveloped to become a mentorship scheme for young composers (aged 14-18) living in Scotland, who spend six months working with an RSNO composition mentor to write a piece of chamber music and develop their skills. In 2020:21, five young composers have been mentored by composers Jay Capperault and Oliver Searle. The project concludes in Spring 2021 with a recorded performance of the young composers' pieces of music, featuring RSNO players.

SINGERS AND AMATEUR MUSICIANS OF ALL AGES

RSNO Chorus

The RSNO Chorus entered its 177th year in 2020, making it one of the oldest and most respected symphonic choruses in the world. Directed by Gregory Batsleer, the Chorus had 125 members from across Scotland. From the start of the pandemic, Chorus members continued to meet for rehearsals via Zoom. In September 2020, the RSNO Chorus released a video of their virtual performance of *Locus Iste* by Anton Bruckner.

Directors' Report

For the Year Ended 31 March 2021

STRATEGIC REPORT (continued)

PERFORMANCES AND ACHIEVEMENTS (CONTINUED)

RSNO Junior Chorus

The RSNO Junior Chorus, one of the leading children's and youth choirs in the UK, entered its 42nd year in 2020 with 364 active members aged 7-18. Throughout the pandemic, the six choirs of the RSNO Junior Chorus continued to meet for virtual rehearsals via Zoom. In July 2020 they released a series of six *Junior Chorus at Home* singing videos. The young singers also featured in two RSNO digital productions released in collaboration with Children's Classic Concerts: *The Haunted Concert Hall* and *The Night Before Christmas*.

Chorus Academy

The RSNO Chorus Academy was formed in 2015. Open to all, the group was set up to encourage singers who would like to build their confidence in all aspects of singing. It provides the opportunity to be part of an organised chorus, enhanced by a strong social focus that aims to help tackle loneliness and isolation. In 2020, the RSNO Chorus Academy had 70 members, including five individuals referred to it for its positive mental health benefits by the Glasgow Association for Mental Health. Led by Scottish soprano Aimee Toshney, members met for virtual rehearsals online from the start of the lockdown.

Dundee Workplace Choir

In 2020, Dundee Workplace Choir brought together 24 employees of D C Thomson & Co., Dundee Council, V&A Dundee and Leisure & Culture Dundee to rehearse on a weekly basis. Led by Aimee Toshney, the participants experienced choral singing in a fun and relaxed environment, improving their workplace well-being. During the pandemic, singers met for virtual rehearsals online.

RSNO Community Orchestra

The RSNO Community Orchestra brings together amateur musicians from across the country to join in music-making under the guidance of RSNO musicians. The Community Orchestra has a vital social aspect; it encourages a sense of connection and shared achievement among members aged 8-80. The initiative connected more than 250 players who met for rehearsals online from March 2020. In September 2020, the online Community Orchestra project *All Together Now* was launched, bringing an average of 50 members together fortnightly via Zoom. Composer Jay Capperault composed a piece especially for this project, working closely with the group. In January 2021, the group started working with US-based conductor Michael Repper (conductor of the New York Youth Symphony) to record the piece for later broadcast.

WORKING LIVES

Name That Tune

Four videos featuring RSNO musicians performing some of the most famous solos from the classical repertoire backwards. Viewers tuned in to see RSNO musicians playing from their homes, while testing their musical knowledge in a relaxed and entertaining video format.

5 Minutes With...

Individual RSNO musicians were introduced to the public in a fun video interview format, responding to questions such as 'Where do you call home?', 'Tea or coffee?', 'Are you related to anyone famous?', 'If you didn't study music, what would you be doing now?' and 'What do you like to do to relax?'.

Directors' Report

For the Year Ended 31 March 2021

STRATEGIC REPORT (continued)

PERFORMANCES AND ACHIEVEMENTS (CONTINUED)

Community Partnerships

The RSNO continued to build on a number of community partnerships with Scotland-wide organisations, including Sistema, Glasgow Association for Mental Health, Young Scot, Scottish Book Trust, Royal Conservatoire of Scotland, Tayside Healthcare Arts Trust, Children's Classic Concerts, ScotRail, Capital Document Solutions, Gallagher, La Bonne Auberge, Classic FM and Radio 3, universities and others. Through these partnerships, we aimed to actively support those who might otherwise never engage with Scotland's National Orchestra to experience the life-changing benefits of high-quality music. To encourage the participation of these groups, we explored various engagement opportunities, such as provision of free concert tickets, access to digital resources and the creation of bespoke music-making content.

Musical Postcards – Tayside Healthcare Arts Trust

The RSNO has been delivering therapeutic music-making sessions in partnership with Tayside Healthcare Arts Trust (THAT) for individuals recovering from stroke and other acute brain injuries since 2017. In response to the pandemic, the RSNO created a bespoke Cultural First-Aid Kit for THAT service users, a series of ten digital *Musical Postcards* specially created with the needs of adults living with stroke, acquired brain injuries and other conditions in mind. The *Musical Postcards* were designed to improve the mental well-being of vulnerable individuals with brain injury conditions that had been most negatively impacted by the social-isolation measures as a result of the pandemic.

Digital Composition Project – Tayside Healthcare Arts Trust

The RSNO has been regularly delivering online music-making sessions for 10 brain injury survivors led by the award-winning composer Matilda Brown. These experiential sessions have been designed in partnership with Tayside Healthcare Arts Trust to alleviate feelings of loneliness and anxiety aggravated among brain injury survivors during the pandemic. By finding innovative digital ways to engage with this group during lockdown, the RSNO continues to build its expertise as the only National Performing Company in Scotland working with acute brain injury survivors.

Digital Care Package for Scottish Care Homes, Hospices and Charities

The RSNO reached out to care homes, hospices and charities across Scotland, offering a Digital Care Package of three RSNO Digital Season concert films to stream for free. The concerts were distributed to Balhousie Care Group (26 care homes across Scotland), the network of 21 Scottish hospices and Sense Scotland (the disability services and awareness charity with community centres in Glasgow and Dundee). By reaching some of the most under-represented and vulnerable groups through the emotive power of music, we aimed to provide respite and improve the well-being of individuals in later life, adults in terminal care, those isolated in care homes and people with additional support and communication needs.

Christmas Candlelight Service – Children's Hospices Across Scotland

The RSNO worked with Children's Hospices Across Scotland (CHAS) to deliver the annual Christmas Candlelight Service for families that have lost a child. Due to the pandemic, the service was streamed live online from the Ardoch Estate in Loch Lomond and featured music from the RSNO, readings and a family-friendly activity.

Directors' Report

For the Year Ended 31 March 2021

STRATEGIC REPORT (continued)

FINANCIAL REVIEW

The year ended 31 March 2021 was extremely challenging as COVID-19 meant there were no live performances in the year, with a corresponding reduction in income. We were greatly appreciative of the support from the Scottish Government and the HMRC Job Retention Grant which allowed us to continue to retain and pay our musicians and staff without reducing our reserves which will be so critical to the Society as we move into an extremely uncertain post-COVID environment. We generated an operational surplus (Core Operations in the Income & Expenditure Account see Note 3) of £405,033 (2020: surplus £232,395). This includes an Orchestra Tax Credit of £211,853 (2020: £703,414) and Coronavirus Job Retention Scheme Grant of £1,707,187 from HMRC. The Orchestra Tax recovery reduced significantly as concerts were not being performed throughout the year due to COVID-19. There was an overall surplus of £557,993 (2020: £61,895). Core income reduced this year due to Covid-19 by £1,782,396 from £9,012,535 in 2020 to £7,230,139, a 20% reduction. Core expenditure also reduced by 22% from £9,114,447 in 2020 to £7,100,432.

Included in Sponsorship & Corporate Partnerships income are donated goods and services totalling £52K (2020: £78K). We are extremely grateful to our photocopier, travel and accommodation partners for their valuable support.

The balance sheet, with total funds of £4,196,066 (2020: £6,659,285), a decrease of £2,463,219 in the year, as a result of the non-cash FRS102 pension valuation. The FRS102 pension calculation is based on assumptions held in Note 23. The increase in the RPI assumption from 2.5% at March 2020 to 3.25% at March 2021 and a decrease in the discount rate from 2.25% at March 2020 to 1.95% in March 2021 has resulted in this significant swing. It should also be noted that the carrying value of the Society's leasehold interest in the RSNO Centre £9,431,712 (2020: £9,703,924) could not be realised as cash. Cash balances increased to £2,802,150 (2020: £1,861,251).

The Society's subsidiary company, Royal Scottish National Orchestra Society (Properties) Limited is currently dormant and consolidated financial statements are not required on the basis of materiality.

The Society's principal sources of funding are the Scottish Government, local authorities, grant making trusts, individuals and companies.

Unrestricted reserves (excluding designated reserves) at 31 March 2021 have a surplus balance of £1,656,854 (2020: £1,920,020). The deficit on the pension reserve has reduced to £5,849,000 (2020: £6,219,000) (note 23). While the pension deficit has decreased in the year the Society received a long term loan of £3,050,000 towards the pension deficit. This loan allows the payments to be relatively fixed for the foreseeable future and ensure cashflow is managed going forward. The New Home reserve ended the year with £9,431,712 (2020: £9,703,924) and other designated reserves of £1,116,356 (2020: £395,816), the increase being the result of £600k being designated by the Trustees to support strategic recovery following Covid-19 and £121k being designated to support the new Scotland Studio project. This therefore results in an overall unrestricted reserves surplus of £3,305,922 (2020: £5,800,760). The Directors are satisfied that it is appropriate to prepare the financial statements on the going concern basis given the future revenue funding secured, the expectation that the Scottish Government will continue to fund the Society and the long term nature of the pension deficit repayment plan.

Directors' Report

For the Year Ended 31 March 2021

STRATEGIC REPORT (continued)

FINANCIAL REVIEW (continued)

The principal restricted reserves are unspent funds for New Home: New Ambitions of £308,787 (2020: £308,787), and the Iain and Pamela Sinclair legacy, which will primarily be expended on recording and broadcasting, has reduced to £181,100 (2020: £237,096). The instrument bequest fund relates to a cello donated to the orchestra, the fund for which is held at £50,000 (2020: £50,000). Other restricted funds held amount to £350,257 (2020: £262,642).

FIXED ASSETS

During the year a substantial piece of work reviewing the value of all assets was undertaken. This resulted in assets being written off and impaired. The impact was a loss in the value of assets of £38,739. It was also agreed to change the fixed asset policy in order to capitalise items of a value of £1,000 or greater only.

RESERVES POLICY

The Society's policy on restricted funds is to separately record donations, grants and other sources of funding where restrictions are imposed that are narrower than the Society's overall objectives. Where this income has not been fully utilised in the year for their purpose, the balance on the fund is detailed in Note 17. Balances on these funds will be expended in the coming years in line with the terms of the grants. The Society's policy on unrestricted funds is to have unrestricted net current assets, excluding designated funds, of between 6% and 8% of Core Operations expenditure. Actual unrestricted net current assets of £790,028 (2020: £1,185,234) (see note 18) were 11% of income (2020: 13%).

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Directors regularly reviews the principal risks facing the Society. The principal risks currently identified are: COVID-19 and impact on our current orchestral activity, stability of short, medium and long term Scottish Government funding in the currently challenging public finance environment, the size of the pension deficit, and maintaining and growing the Orchestra's support base. All these issues have the potential to significantly adversely impact the Society's finances and the Board and the executive are active in pursuing actions to mitigate these risks.

PLANS FOR FUTURE PERIODS

We now have an opportunity to play our part in a future that is richer and more inclusive than where we have come from.

Our three strategic priorities for the future are:

1 *Renewal through the power of performance, both live and digital*

There is a real desire to return to our concert halls to experience music socially and viscerally. The RSNO is adapting our business model to ensure we thrive. The next phase of our planning is to understand the implications of the COVID-19 pandemic for the live experience as we work to return to the concert platform while still utilising the benefits of a new era of enhanced digital literacy to increase our reach and profile. We are exploring the funding viability of a hybrid model of live and digital activity, whereby our season of live concerts would run alongside a digital season to support those that might be unable to engage with the RSNO in-person.

Directors' Report

For the Year Ended 31 March 2021

STRATEGIC REPORT (continued)

FINANCIAL REVIEW (continued)

2 *Reigniting the lives of people in Scotland by creating meaningful community partnerships*

This includes the growth and development of our Music for Life strategy, with specific focus on high-quality digital educational projects (e.g. *Gaspard's Foxtrot*, the RSNO's first-ever online National Schools Concert Programme; development of our family of educational apps for children) and innovative live formats (e.g. Playground Pop-Ups).

3 *Rebuilding and playing our part in creating an arts sector that is fit for the future*

As a National Performing Company, the RSNO has a responsibility to continue investing in the ecosystem of Scotland's cultural sector. Rebuilding our sector is a necessity for the RSNO's long-term survival. To ensure a future for the RSNO and the sector, we are: investing in our people (e.g. by setting up an RSNO well-being and training fund); focusing on commercial opportunities (e.g. our flagship Scotland's Studio initiative); and supporting our sector (e.g. through digital collaborations).

STRUCTURE, GOVERNANCE AND MANAGEMENT

GOVERNING DOCUMENT

The Royal Scottish National Orchestra Society Limited is a charitable company limited by guarantee, governed by its Memorandum and Articles of Association dated 8th July 1950 and amended to allow for current governance arrangements in June 2002, June 2011 and August 2012. It is a registered charity.

ORGANISATIONAL STRUCTURE

The Board of Directors, which can have up to 19 members, administers the charitable company. The Board meets every two months and there are subcommittees covering Finance and Human Resources. The Finance Committee meets monthly and the HR Committee meets at least annually. The Chief Executive is appointed by the Directors to manage the day to day operations of the charitable company.

The membership of the Society comprises Directors, employed musicians who have been employees for more than one year, senior management team where they have been employees for more than one year, additional local authority representatives from Edinburgh (1) and Glasgow (1), and the chairs of the four RSNO Circle Committees from Aberdeen, Dundee, Edinburgh and Glasgow.

The Board are responsible for the recruitment of the Chief Executive, organisational governance and strategy. Day to day organisational management is the responsibility of the Chief Executive who is responsible for employee recruitment, operational decision making and organisational development.

Directors' Report

For the Year Ended 31 March 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

THE GROUP CONSISTS OF THE FOLLOWING ENTITIES:

- The Royal Scottish National Orchestra Society Limited: a charitable company limited by guarantee registered in Scotland with Companies House and the Office of the Scottish Charity Regulator; and
- The Royal Scottish National Orchestra Society (Properties) Limited: a charitable company limited by guarantee registered in Scotland with Companies House and the Office of the Scottish Charity Regulator. All the directors of this charitable company are chosen from the current directors of the parent and is wholly controlled by the parent.

The Royal Scottish National Orchestra Society (Properties) Limited did not trade during the prior and current year. The result and Balance Sheet of the subsidiary has not been consolidated on the grounds of lack of materiality.

APPOINTMENT OF DIRECTORS

As set out in the Articles of Association, as amended following the EGM on 3rd June 2011, the Directors will consist of 6 Player Directors, 10 Elected Directors, 2 Nominated Directors and a Chief Executive Director. Player and Elected Directors can serve for a 3 year period and can be re-elected for a further 3 year period, at which time they will retire by rotation. As amended following the EGM of 24th August 2012, in exceptional circumstances the term of an elected Director can be extended by one year. Nominated Directors are Directors appointed by Glasgow City Council and the City of Edinburgh Council. Directors are elected by the Society's membership at the AGM.

DIRECTOR TRAINING

On appointment, Directors receive an induction which aims to give them sufficient knowledge of the organisation and of their roles to enable them to carry out their responsibilities as Directors. In addition the Chairman meets with all Directors annually to discuss their roles as Directors, and the Board has an annual away day during which training, appropriate to the strategic issues under review, is undertaken.

KEY MANAGEMENT PERSONNEL REMUNERATION

The Remuneration Committee, reviews the remuneration of the Chief Executive and senior management team and makes recommendations to the Board. Relevant benchmarking with both national and international organisations is undertaken as part of this process. The Society's key management personnel comprise the Senior Management Team, namely the Chief Executive, the Chief Operating Officer, the Director of Concerts and the Director of External Relations.

RELATED PARTIES

Glasgow City Council and the City of Edinburgh Council each nominate a Director and Glasgow City Council provides funding to enable the charitable company to carry out its charitable objectives.

Directors' Report

For the Year Ended 31 March 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

REFERENCE AND ADMINISTRATIVE DETAILS

The Royal Scottish National Orchestra Society Ltd
Charitable Company registered in Scotland
Company Number: SC027809
Scottish Charity Number: SC010702

The directors serving during the year and up to date on approval of the Financial Statements were:

<p>Elected Directors Dame Susan Bruce DBE (Chair) John Heasley (Honorary Treasurer) Hugh Bruce-Watt Kat Heathcote (appointed 6 March 2020) Linda Holden Neil McLennan Constantine Pilavachi Gurjit Singh Lalli David Robinson (appointed 17 April 2020) Jane Wood</p> <p>Chief Executive Director Alistair Mackie</p> <p>Player Directors Ursula Heidecker Allen (resigned 25 September 2020) Dávur Juuls Magnussen Sophie Rathbone Kennedy Leitch Janet Burnley Lisa Rourke (resigned 25 September 2020) Paul Philbert (appointed 25 September 2020) Lorna Rough (appointed 25 September 2020)</p> <p><i>Assessor for the RSNO Foundation</i> Gordon Murray <i>Secretary</i> Gordon Murray</p>	<p>Registered Office and Principal Office 19 Killermont Street Glasgow G2 3NX</p> <p>Auditor Azets Audit Services Titanium 1 Kings Inch Place Renfrew Glasgow PA4 8WF</p> <p>Bankers Bank of Scotland Glasgow Argyle Street Branch 167–201 Argyle Street Glasgow G2 8BU</p> <p>Nominated Directors Glasgow City Council: Cllr Frank Docherty City of Edinburgh Council: Cllr Lezley Marion Cameron</p>
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Directors' Report

For the Year Ended 31 March 2021

DIRECTORS' AND TRUSTEES' RESPONSIBILITIES

The Directors of the Society are those listed in the Reference and Administrative Details on page 18.

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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 charitable company and of the income and expenditure of the charitable 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 (FRS 102)
- 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 charitable company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy, at any time, the financial position of the charitable 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 Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 charitable company'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 charitable company's auditor is aware of the information.

Directors' Report

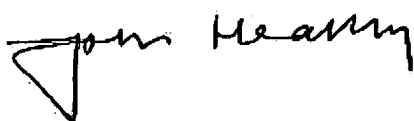
For the Year Ended 31 March 2021

AUDITOR

On 7 September 2020 Group Audit Services Limited trading as Scott-Moncrieff Audit Services changed its name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and accordingly they have signed their report in their new name.

Azets Audit Services have expressed their willingness to continue in office as auditor and will be proposed for re-appointment at the Annual General Meeting.

The Directors' Report incorporating the Strategic Report has been approved by order of the Board.

A handwritten signature in black ink, appearing to read 'John Heasley', with a stylized initial 'J'.

John Heasley
DIRECTOR

Dated: 4 August 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF THE ROYAL SCOTTISH NATIONAL ORCHESTRA SOCIETY LIMITED FOR THE YEAR ENDED 31 MARCH 2021

Opinion

We have audited the financial statements of the Royal Scottish National Orchestra Society Limited (the charitable company) for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows, the Analysis of Net Debt 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 charitable company's affairs as at 31 March 2021 and of its 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 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF THE ROYAL SCOTTISH NATIONAL ORCHESTRA SOCIETY LIMITED (continued) For the Year Ended 31 March 2021

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report (incorporating the Strategic Report).

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF THE ROYAL SCOTTISH NATIONAL ORCHESTRA SOCIETY LIMITED (continued) For the Year Ended 31 March 2021

Responsibilities of the directors

As explained more fully in the directors' responsibilities statement set out on page 19, 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 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 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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES INCLUDING FRAUD

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

- we identified the laws and regulations applicable to the charitable company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), taxation legislation and data protection, anti-bribery, environmental 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF THE ROYAL SCOTTISH NATIONAL ORCHESTRA SOCIETY LIMITED (continued) For the Year Ended 31 March 2021

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES INCLUDING FRAUD (CONTINUED)

We assessed the susceptibility of 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.

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

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

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

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

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

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the 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 charitable company's members, as a body, and the charitable company's directors, as a body, those matters we are required to state to them in

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF
THE ROYAL SCOTTISH NATIONAL ORCHESTRA SOCIETY LIMITED
(continued)
For the Year Ended 31 March 2021**

an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members, as a body, and the charitable company's directors, as a body, for our audit work, for this report, or for the opinions we have formed.



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

4 August 2021

STATEMENT OF FINANCIAL ACTIVITIES

YEAR END 31 MARCH 2021

		2021			2020		
	Notes	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
		£	£	£	£	£	£
INCOME & ENDOWMENTS FROM:							
Donations and Legacies		4,915,973	137,159	5,053,132	5,073,008	294,181	5,367,189
Job Retention Scheme Grant		1,707,187	-	1,707,187	-	-	-
Charitable Activities		281,123	-	281,123	2,759,905	5,000	2,764,905
Orchestra Tax Relief		211,853	-	211,853	703,414	-	703,414
Other Trading Activities		59,793	-	59,793	169,200	-	169,200
Investments and Other		4,125	-	4,125	14,165	-	14,165
TOTAL INCOME	5	7,180,054	137,159	7,317,213	8,719,692	299,181	9,018,873
EXPENDITURE ON:							
Raising Funds		161,110	-	161,110	235,617	-	235,617
Charitable Activities		6,370,322	-	6,370,322	7,971,062	1,079,768	9,050,830
Grants Outgoing		500,000	-	500,000	-	-	-
TOTAL EXPENDITURE	6	7,031,432	-	7,031,432	8,206,679	1,079,768	9,286,447
NET INCOME / (EXPENDITURE)							
	10	148,622	137,159	285,781	513,013	(780,587)	(267,574)
Transfers Between Funds							
	17	105,540	(105,540)	-	(819,768)	819,768	-
Other Recognised Gains and Losses							
Actuarial (Loss) / Gain on Defined Benefit Pension Schemes	23	(2,749,000)	-	(2,749,000)	1,473,000	-	1,473,000
NET MOVEMENT IN FUNDS		(2,494,838)	31,619	(2,463,219)	1,166,245	39,181	1,205,426
Reconciliation of Funds:							
Total Funds Brought Forward	17	5,800,760	858,525	6,659,285	4,634,515	819,344	5,453,859
TOTAL FUNDS CARRIED FORWARD	17	3,305,922	890,144	4,196,066	5,800,760	858,525	6,659,285

The Statement of Financial Activities includes all gains and losses recognised in the year.

All items dealt with in arriving at the results above related to continuing operations.

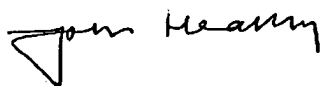
The notes form part of these financial statements.

BALANCE SHEET

As At 31 MARCH 2021

		Total Funds 2021	Total Funds 2020
	Note	£	£
FIXED ASSETS			
Tangible assets	12	10,309,854	10,450,026
CURRENT ASSETS			
Debtors	13	833,035	1,429,663
Cash at bank and in hand		2,802,150	1,861,251
		3,635,185	3,290,914
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	14	(971,973)	(862,655)
NET CURRENT ASSETS			
		2,663,212	2,428,259
Creditors: Amounts falling due after more than one year	15	(2,928,000)	-
NET ASSETS excluding pension scheme			
		10,045,066	12,878,285
Pension Liability	23	(5,849,000)	(6,219,000)
NET ASSETS including pension liability			
	17 / 18	4,196,066	6,659,285
RESERVES			
Restricted Funds	17 / 18	890,144	858,525
Unrestricted Funds			
Reserves from ordinary activities	17 / 18	1,656,854	1,920,020
Designated reserves	17 / 18	10,548,068	10,099,740
Pension Reserve	17 / 18	(5,849,000)	(6,219,000)
Loan Reserve	17 / 18	(3,050,000)	-
Total Unrestricted Funds		3,305,922	5,800,760
TOTAL FUNDS		4,196,066	6,659,285

The financial statements were approved and authorised by the Board of Directors on 4 August 2021 and were signed on its behalf by John Heasley, Honorary Treasurer.



John Heasley, Honorary Treasurer

Scottish Charity No: SC010702

Company No: SC027809

The notes form part of these financial statements

STATEMENT OF CASHFLOWS

For the year ended 31 MARCH 2021

		2021	2020
	Note	£	£
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash (used in) / provided by operating activities	22	(1,849,876)	332,696
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends, interest and rents from investments		3,114	4,838
Purchase of property, plant and equipment	12	(262,339)	(56,089)
Proceeds on disposals of property, plant and equipment	12	-	8,263
Net cash used in investing activities		(259,225)	(42,988)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of Loan Funds	15	3,050,000	-
Net cash used in financing activities		3,050,000	-
Change in cash and cash equivalents in the year		940,899	289,708
Cash and cash equivalents at the beginning of the year		1,861,251	1,571,543
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		2,802,150	1,861,251

ANALYSIS OF NET DEBT

For the year ended 31 MARCH 2021

	At 1 April 2020	Cashflows	At 31 March 2021
	£	£	£
Cash and cash equivalents	1,861,251	940,899	2,802,150
Loan	-	(3,050,000)	(3,050,000)
	1,861,251	(2,109,101)	(247,850)

The notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1: GENERAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES

GENERAL INFORMATION

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charitable company's transactions are denominated. They comprise the financial statements of the charitable company only.

The principal activity of the Society is to administer the Royal Scottish National Orchestra which gives performances of symphonic operative and choral music.

The society is a charitable company and is limited by guarantee, incorporated in the United Kingdom and 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 SC010702. In the event of the winding up of the charitable company a member is liable to contribute a sum not exceeding £1. Details of the registered office and company registration number can be found on page 18.

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and 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") (United Kingdom Generally Accepted Accounting Practice), 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).

The Society meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value 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 the process of applying the accounting policies (see note 2).

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

PREPARATION OF THE ACCOUNTS ON A GOING CONCERN BASIS

The charitable company is dependent on grants from the Scottish Government. Budgets and cash flow projections to 31 March 2023 have been prepared and the Directors believe that adequate funding from this source will be made available for that period. The Directors therefore consider it is appropriate to prepare the accounts on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1: GENERAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

BASIS OF CONSOLIDATION

These financial statements are for the charitable company only. The result and Balance Sheet of the subsidiary undertaking, The Royal Scottish National Orchestra Society (Properties) Ltd, has not been consolidated on the grounds of lack of materiality. The subsidiary was dormant during the current and prior year.

INCOME

Income, whether capital or revenue including revenue grants from the Scottish Government, is recognised when the charitable company has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Legacies are recognised on receipt, except when the value of the legacy is notified to the charitable company in advance and the amount is material.

Income received in advance of a concert or recording is deferred until the completion of the performance or recording.

DONATED GOODS AND SERVICES

The value of donated goods and services are calculated with reference to the estimated fair value of the goods and services provided.

FUND ACCOUNTING

General funds are unrestricted funds that are available for use at the discretion of the Directors in furtherance of the general objectives of the charitable company and that have not been designated for other purposes.

Designated funds are unrestricted funds earmarked by the Directors for particular purposes.

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charitable company for particular purposes. The cost of raising and administering such funds are charged against the specific fund.

EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

ALLOCATION OF SUPPORT COSTS

The Society recognises support and governance costs as those which cannot be directly attributed to an individual activity but which support the general activity of the organisation or enable it to meet its legal governance obligations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1: GENERAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

Where costs cannot be directly attributed to particular headings, e.g. support costs, they have been allocated to the cost of the Society's activities in proportion to each activity's direct costs. One-off grant expenditure, such as to the RSNO Foundation, will not incur support costs as these grants are not regular activity for the Society.

OPERATING LEASES

The charitable company classifies certain office equipment and leased pianos as operating leases as the title to the equipment remains with the lessor and the equipment is replaced every few years. Rental charges are charged on a straight line basis over the term of the lease.

FINANCE LEASES

The charitable company classifies its lease on the RSNO Centre as a finance lease as the length of the lease, 50 years, is in line with the estimated economic life of the property. The initial lease premium is amortised on a straight line basis for the length of the lease, up until the first break clause at 40 years. The annual peppercorn rent is charged at its nominal value in each year's accounts.

The Society's leasehold asset is its 50 year lease on its facilities within Glasgow Royal Concert Hall which commenced in September 2015. It is stated in the accounts at cost to the Society less depreciation on the basis that the present value of the commercial cost of leasing the rehearsal, performance, learning, office, and storage accommodation is estimated to be more than the carrying value.

TANGIBLE FIXED ASSETS

All tangible fixed assets over £1,000 are capitalised and included at cost, including any incidental expenses of acquisition.

Music library and some instruments are not depreciated, as the residual value of these assets would be in excess of the cost.

The cost of other fixed assets is written off over their expected useful lives at the following rates:

- Leasehold buildings 2.5% straight line
- Instruments 0 - 10% reducing balance
- Furniture & equipment 10% reducing balance
- Computers 20% straight line
- Vehicles 25% straight line

Directors undertake an annual assessment to consider whether any impairment has occurred in the value of the assets.

DEBTORS

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1: GENERAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

CREDITORS

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

FINANCIAL INSTRUMENTS

The Society only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

PENSIONS

During the year the Society operated two pension schemes: 1. The RSNO Pension Scheme, a defined benefit scheme operated under separate trust which closed to new members on 1st April 2008 and closed to additional accruals from 1st October 2016, and 2. A Stakeholder Group Personal Pension Scheme, a defined contribution scheme.

The annual cost of the defined benefit RSNO Pension Scheme and the valuation of the scheme's deficit have been calculated in accordance with FRS 102, details of which can be found in Note 23.

The annual cost of the defined contribution scheme is the employer contributions made on behalf of the employee in the year.

2: CRITICAL JUDGEMENTS AND ESTIMATES

In preparing the financial statements Directors make estimates and assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the 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 estimates and assumptions with a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- The carrying value of leasehold buildings is depreciated cost, on the basis that the present value of the commercial cost of leasing the rehearsal, performance, learning, office, and storage accommodation (value-in-use) is estimated to be more than the carrying value. Changes in the estimates of an equivalent commercial rental or estimated discount rates could result in the value-in-use falling below the carrying value which would impair the value of leasehold buildings in the accounts. It should be noted that there is a significant degree of estimation in the calculation of the commercial rent as there is not a market for long leases of comparable rehearsal and performance spaces.
- The depreciation rates have been deemed to be appropriate for the class of assets.
- The pension assumptions have been deemed to be appropriate based on actuarial advice.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

3: INCOME & EXPENDITURE ACCOUNT

2021	Core operations	Strategic Fund	Wellbeing Fund	FRS 102 Pension Scheme Items	2021 Total
	£	£		£	£
TURNOVER					
Activities					
Concerts	107,864	-	-	-	107,864
Hired Engagements Media and Tours	111,532	-	-	-	111,532
Learning & Engagement	6,087	-	-	-	6,087
Choruses	45,590	-	-	-	45,590
Total Activities	271,073	-	-	-	271,073
Grants Receivable	4,111,000	-	64,416	-	4,175,416
Donations	860,172	19,544	-	-	879,716
Sponsorship & Corporate Partnerships	58,150	-	-	-	58,150
Events	(357)	-	-	-	(357)
TOTAL TURNOVER	5,300,038	19,544	64,416	-	5,383,998
OTHER OPERATING INCOME					
Job Retention Scheme Grant	1,707,187	-	-	-	1,707,187
Orchestra Tax Relief	211,853	-	-	-	211,853
Digital Projects	10,050	-	-	-	10,050
Miscellaneous income	1,011	-	-	-	1,011
TOTAL OTHER OPERATING INCOME	1,930,101	-	-	-	1,930,101
TOTAL INCOME	7,230,139	19,544	64,416	-	7,314,099
EXPENDITURE					
Staff Costs	4,886,835	-	-	(332,000)	4,554,835
Grants Outgoing	500,000	-	-	-	500,000
Depreciation	363,772	-	-	-	363,772
Own & Joint Promotion Concerts	420,520	-	-	-	420,520
Hired Engagements, Media and Tours	109,471	-	-	-	109,471
Learning & Engagement	102,281	-	-	-	102,281
Choruses	99,322	-	-	-	99,322
Digital Projects	9,082	-	-	-	9,082
Fundraising	23,954	-	-	-	23,954
General overhead and property costs	546,456	-	-	125,000	671,456
Loss on Disposal of Assets	38,739	-	-	-	38,739
TOTAL EXPENDITURE	7,100,432	-	-	(207,000)	6,893,432
INTEREST RECEIVABLE AND SIMILAR INCOME	3,114	-	-	-	3,114
INTEREST PAYABLE AND SIMILAR CHARGES	-	-	-	138,000	138,000
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION AND AMORTISATION OF CAPITAL GRANTS	132,821	19,544	64,416	69,000	285,781
TRANSFER OF CAPITAL GRANTS	272,212	-	-	-	272,212
SURPLUS ON ORDINARY ACTIVITIES	405,033	19,544	64,416	69,000	557,993

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

3: INCOME & EXPENDITURE ACCOUNT (continued)

2020	Core operations	New Home: New Ambitions	FRS 102 Pension Scheme Items	2020 Total
	£	£	£	£
TURNOVER				
Activities				
Concerts	1,398,260	-	-	1,398,260
Hired Engagements Media and Tours	1,257,683	-	-	1,257,683
Learning & Engagement	25,460	-	-	25,460
Choruses	83,502	-	-	83,502
Total Activities	2,764,905	-	-	2,764,905
Grants Receivable	4,303,238	1,500	-	4,304,738
Donations	1,062,451	-	-	1,062,451
Sponsorship & Corporate Partnerships	116,723	-	-	116,723
Events	52,477	-	-	52,477
TOTAL TURNOVER	8,299,794	1,500	-	8,301,294
OTHER OPERATING INCOME				
Orchestra Tax Relief	703,414	-	-	703,414
Surplus on Disposal of Fixed Assets	1,014	-	-	1,014
Miscellaneous income	8,313	-	-	8,313
TOTAL OTHER OPERATING INCOME	712,741	-	-	712,741
TOTAL INCOME	9,012,535	1,500	-	9,014,035
EXPENDITURE				
Staff Costs	4,512,415	-	(265,000)	4,247,415
Depreciation	351,498	-	-	351,498
Own & Joint Promotion Concerts	2,021,010	-	-	2,021,010
Hired Engagements, Media and Tours	1,318,461	-	-	1,318,461
Learning & Engagement activity	103,188	-	-	103,188
Choruses	138,214	-	-	138,214
Fundraising	67,403	-	-	67,403
General overhead and property costs	602,258	-	261,000	863,258
TOTAL EXPENDITURE	9,114,447	-	(4,000)	9,110,447
INTEREST RECEIVABLE AND SIMILAR INCOME	4,838	-	-	4,838
INTEREST PAYABLE AND SIMILAR CHARGES	-	-	176,000	176,000
DEFICIT / (SURPLUS) ON ORDINARY ACTIVITIES BEFORE TAXATION AND AMORTISATION OF CAPITAL GRANTS	(97,074)	1,500	(172,000)	(267,574)
TRANSFER OF CAPITAL GRANTS	329,469	-	-	329,469
SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES	232,395	1,500	(172,000)	61,895

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

4. RECONCILIATION: INCOME & EXPENDITURE ACCOUNT TO STATEMENT OF FINANCIAL ACTIVITIES

	2021	2020
	£	£
RECONCILIATION TO STATEMENT OF FINANCIAL ACTIVITIES		
Surplus on ordinary activities	557,993	61,895
Amortisation of capital grants fully recognised in previous years' Statements of Financial Activities	(272,212)	(329,469)
NET INCOME / (EXPENDITURE) AFTER TAXATION RECOGNISED IN THIS YEAR'S STATEMENT OF FINANCIAL ACTIVITIES	285,781	(267,574)

5: INCOME

	2021			2020		
	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£	£	£	£
INCOME AND ENDOWMENTS FROM:						
Donations & Legacies						
Scottish Government	3,961,000	94,416	4,055,416	3,979,000	111,500	4,090,500
Local Authorities	150,000	-	150,000	214,238	-	214,238
Trusts, Individuals and Legacies	804,973	42,743	847,716	879,770	182,681	1,062,451
	4,915,973	137,159	5,053,132	5,073,008	294,181	5,367,189
Charitable Activities						
Concerts: Own and Joint Promotions	117,914	-	117,914	1,398,260	-	1,398,260
Hired Engagements, Media & Tours	111,532	-	111,532	1,257,683	-	1,257,683
Learning & Engagement	6,087	-	6,087	20,460	5,000	25,460
Choruses	45,590	-	45,590	83,502	-	83,502
	281,123	-	281,123	2,759,905	5,000	2,764,905
Other Trading Activities						
Sponsorship & Corporate Partnerships	58,150	-	58,150	116,723	-	116,723
Events	1,643	-	1,643	52,477	-	52,477
	59,793	-	59,793	169,200	-	169,200
Investments and Other						
Job Retention Scheme Grant	1,707,187	-	1,707,187	-	-	-
Orchestra Tax Relief	211,853	-	211,853	703,414	-	703,414
Bank Interest	3,114	-	3,114	4,838	-	4,838
Surplus on Disposal of Fixed Assets	-	-	-	1,014	-	1,014
Miscellaneous Income	1,011	-	1,011	8,313	-	8,313
	1,923,165	-	1,923,165	717,579	-	717,579
TOTAL INCOME AND ENDOWMENTS	7,180,054	137,159	7,317,213	8,719,692	299,181	9,018,873

Unrestricted grants from the Scottish Government are for the support of the general activities of the RSNO. There were three restricted grants from the Scottish Government of £94,416. There are no unfulfilled conditions or contingencies attached to the Scottish Government grants.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

6: EXPENDITURE

	2021			2020		
	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£	£	£	£
EXPENDITURE ON:						
Raising Funds						
Events, Sponsorship and Other Fundraising	161,110	-	161,110	235,617	-	235,617
	161,110	-	161,110	235,617	-	235,617
Charitable Activities						
Orchestra & Concerts Department	5,003,939	-	5,003,939	4,441,105	-	4,441,105
Concerts: Own & Joint Promotions	830,111	-	830,111	2,615,559	-	2,615,559
Hired Engagements, Media & Tours	140,951	-	140,951	488,046	1,079,768	1,567,814
Learning & Engagement	223,186	-	223,186	225,130	-	225,130
Choruses	169,114	-	169,114	201,222	-	201,222
Digital Team	3,021	-	3,021	-	-	-
	6,370,322	-	6,370,322	7,971,062	1,079,768	9,050,830
Grant Giving						
Grants Outgoing	500,000	-	500,000	-	-	-
TOTAL EXPENDITURE	7,031,432	-	7,031,432	8,206,679	1,079,768	9,286,447

7: ANALYSIS OF EXPENDITURE

	2021			2020		
	Activities Undertaken Directly	Support Costs	Total Costs	Activities Undertaken Directly	Support Costs	Total Costs
	£	£	£	£	£	£
EXPENDITURE ON:						
Raising Funds						
Events, Sponsorship and Other Fundraising	128,785	32,325	161,110	199,065	36,552	235,617
	128,785	32,325	161,110	199,065	36,552	235,617
Charitable Activities						
Orchestra & Concerts Department	3,999,953	1,003,986	5,003,939	3,752,138	688,967	4,441,105
Concerts: Own & Joint Promotions	663,558	166,553	830,111	2,209,797	405,762	2,615,559
Hired Engagements, Media & Tours	112,671	28,280	140,951	1,324,593	243,221	1,567,814
Learning & Engagement	178,406	44,780	223,186	190,205	34,925	225,130
Choruses	135,183	33,931	169,114	170,006	31,216	201,222
Digital Team	2,415	606	3,021	-	-	-
	5,092,186	1,278,136	6,370,322	7,646,739	1,404,091	9,050,830
Grant Giving						
Grants Outgoing	500,000	-	500,000	-	-	-
TOTAL EXPENDITURE	5,720,971	1,310,461	7,031,432	7,845,804	1,440,643	9,286,447

The Society paid a grant of £500,000 to the RSNO Foundation in the year (2020: Enil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

8: ANALYSIS OF SUPPORT COSTS

	2021	2020
	£	£
Salary Costs	447,316	341,660
Depreciation	363,772	351,498
Building Management Costs	186,232	181,168
IT	74,584	75,392
Insurance and Office Management	122,735	112,500
Governance & Legal Costs (see note 9)	79,874	88,092
Other Support Costs	35,948	290,333
	1,310,461	1,440,643

9: GOVERNANCE COSTS

	2021	2020
	£	£
Audit Fees	17,551	10,704
Other Accountancy Costs, Including Taxation	6,955	11,358
Legal Fees	52,192	66,010
Board Expenses	3,176	20
	79,874	88,092

10: NET INCOME / (EXPENDITURE) FOR THE YEAR

	2021	2020
	£	£
Net income / (expenditure)	285,781	(267,574)
This is stated after charging:		
Depreciation	363,772	351,498
Auditor's Remuneration		
Audit Fees	17,551	10,704
Accountancy and taxation services	6,955	11,358

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

11: STAFF AND DIRECTOR COSTS

2021	Loans outstanding at year end	Total earnings	Society pension contributions
	£	£	£
Alistair Mackie	-	120,000	6,000
Lisa Rourke (Resigned 25/09/2020)	576	19,991	1,000
Kennedy Leitch	194	36,475	1,824
Ursula Heidecker (Resigned 25/09/2020)	-	17,734	887
Janet Burnley	-	41,692	2,085
Davur Juuls Magnussen	412	45,544	2,277
Sophie Rathbone	-	31,818	1,591
Paul Philbert (Appointed (25/09/2020)	-	23,383	1,169
Lorna Rough (Appointed (25/09/2020)	-	17,330	867
	1,182	353,967	17,700

2020	Loans outstanding at year end	Total earnings	Society pension contributions
	£	£	£
Alistair Mackie (Appointed 23/04/2019)	-	112,769	7,598
John Clark (resigned 23/08/2019)	-	12,477	717
Lisa Rourke	-	38,535	2,211
Kennedy Leitch	-	35,786	1,991
Ursula Heidecker	-	34,905	2,077
Janet Burnley	-	41,901	3,536
Davur Juuls Magnussen	-	47,391	2,258
Sophie Rathbone (Appointed 23/08/2019)	552	17,611	957
	552	341,375	21,345

During the year 8 employee directors (2020: 8) received expenses of £1,343 (2020: £11,165) as reimbursement of travel, subsistence and relocation relating to their employment.

During the year no directors (2021: 0) received £Nil (2020: £Nil) as reimbursement of travel and accommodation expenses relating to their activities as a director.

Employee costs: Statement of Financial Activities	2021	2020
	£	£
Wages and salaries	3,977,283	3,670,292
Social security costs	356,493	336,735
Superannuation and other pension costs	210,730	230,626
Sick Fund and other employee costs	10,329	9,762
	4,554,835	4,247,415

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

11: STAFF AND DIRECTOR COSTS (continued)

Employees	2021	2020
The average weekly number of people employed during the year was	Number	Number
Musicians	73	70
Administration	41	38
	114	108

Higher paid employees	2021	2020
Number of employees earning between:	Number	Number
£60,001 - £70,000	2	2
£110,001 - £120,000	1	1

During the year no higher paid employees (2020: £nil) accrued retirement benefits under the Society's defined benefit pension scheme. During the year 3 higher paid employees (2020: 3) accrued retirement benefits under the Society's defined contribution scheme.

During the year key management personnel (KMP) received salaries totalling £300,672 (2020: £291,117), had pension contributions of £15,034 (2020: £17,918) and employer's national insurance of £32,224 (2020: £31,839). The salary of the Chief Executive is set by the Board of Directors. The Chief Executive is responsible for setting the salaries of the remaining key management personnel.

12. TANGIBLE FIXED ASSETS

	Leasehold Buildings	Instruments	Furniture and Equipment	Computers	Music Library	Vehicles	Total
	£	£	£	£	£	£	£
COST							
At 1 April 2020	10,934,000	448,346	413,766	237,752	180,203	113,336	12,327,403
Additions	-	7,210	27,500	223,525	4,104	-	262,339
Disposals	-	(49,445)	(54,467)	(76,184)	-	-	(180,096)
At 31 March 2021	10,934,000	406,111	386,799	385,093	184,307	113,336	12,409,646
DEPRECIATION							
At 1 April 2020	1,230,076	207,734	145,128	181,103	-	113,336	1,877,377
Charge in year	272,212	19,808	27,453	44,299	-	-	363,772
Disposals	-	(45,426)	(24,998)	(70,933)	-	-	(141,357)
At 31 March 2021	1,502,288	182,116	147,583	154,469	-	113,336	2,099,792
Net Book amounts at 31 March 2021	9,431,712	223,995	239,216	230,624	184,307	-	10,309,854
Net Book amounts at 31 March 2020	9,703,924	240,612	268,638	56,649	180,203	-	10,450,026

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

13. DEBTORS

	2021	2020
	£	£
Due within one year:		
Trade debtors	62,732	138,573
Prepayments and accrued income	331,689	422,942
Taxation debtor	201,997	679,887
Other debtors	236,617	188,261
	833,035	1,429,663

14: CREDITORS: Amounts falling due within one year

	2021	2020
	£	£
Due within one year:		
Trade creditors	197,753	180,116
Other accruals and deferred income	543,746	470,591
Scottish Government Loan	122,000	-
Other taxation and social security	16,974	96,864
Other creditors	91,500	115,084
	971,973	862,655

Deferred income of £211,632 (2020: £162,936) relates to monies to which the charity is not yet entitled to at the year end. The deferred income is released to the SOFA when all entitlement criteria have been met, usually in the subsequent financial year.

	2021	2020
	£	£
At 1 April 2020	162,936	207,638
Received in the year	113,634	162,936
Released to the SOFA in the year	(64,938)	(207,638)
At 31 March 2021	211,632	162,936

The Bank of Scotland hold a floating charge over the assets of the Charitable company, to cover credit card expenditure.

Creative Scotland hold a charge over part of the lease of the RSNO Centre in relation to the £500,000 grant, received in 2017, in respect of the building works.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

15: CREDITORS: Amounts falling due after more than one year

	2021	2020
	£	£
Scottish Government Loan	2,928,000	-
The Scottish Government loan has the following repayment schedule:		
Due within one year	122,000	-
Due within one to two years	122,000	-
Due within two to five years	366,000	-
Due in more than five years	2,440,000	-
	3,050,000	-

A £3.05m loan was received on 31 March 2021 and is repayable over 25 years. The interest rate applied to the loan is 0.5%. The loan was provided by the Scottish government to invest in the company's long standing defined benefit Pension Scheme. The loan allows for escalating deficit reduction payments to cease for the ongoing future and allows cashflow to be more predictable.

16. SHARE CAPITAL

The Royal Scottish National Orchestra Society Limited is a company limited by guarantee and has no share capital. The liability of each member in the event of winding-up is limited to £1.

17. ANALYSIS OF CHARITABLE FUNDS

2021	At 1 April 2020	Income	Expenditure	Transfers	Actuarial Losses	At 31 March 2021
	£	£	£	£	£	£
UNRESTRICTED FUNDS						
Reserves from ordinary activities	1,920,020	7,180,054	(6,762,432)	(680,788)	-	1,656,854
DESIGNATED FUNDS						
Capital Grant (spent) reserve	11,316	-	-	-	-	11,316
Strategic plan reserve	344,500	-	-	120,540	-	465,040
Strategic Recovery Fund	-	-	-	600,000	-	600,000
Building repair reserve	40,000	-	-	-	-	40,000
New Home designated reserve	9,703,924	-	-	(272,212)	-	9,431,712
Total Designated Funds	10,099,740	-	-	448,328	-	10,548,068
Pension reserve	(6,219,000)	-	(269,000)	3,388,000	(2,749,000)	(5,849,000)
Loan Reserve	-	-	-	(3,050,000)	-	(3,050,000)
TOTAL UNRESTRICTED FUNDS	5,800,760	7,180,054	(7,031,432)	105,540	(2,749,000)	3,305,922
RESTRICTED FUNDS						
New Home	308,787	-	-	-	-	308,787
Instrument bequest	50,000	-	-	-	-	50,000
Iain & Pamela Sinclair legacy - recording label	237,096	-	-	(55,996)	-	181,100
Wellbeing Fund	-	64,416	-	-	-	64,416
Other restricted reserves	262,642	72,743	-	(49,544)	-	285,841
TOTAL RESTRICTED FUNDS	858,525	137,159	-	(105,540)	-	890,144
TOTAL FUNDS	6,659,285	7,317,213	(7,031,432)	-	(2,749,000)	4,196,066

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

17. ANALYSIS OF CHARITABLE FUNDS (continued)

2020	At 1 April 2019	Income	Expenditure	Transfers	Actuarial Gains	At 31 March 2020
	£	£	£	£	£	£
UNRESTRICTED FUNDS						
Reserves from ordinary activities	1,437,919	8,719,692	(8,034,679)	(202,912)	-	1,920,020
DESIGNATED FUNDS						
Capital Grant (spent) reserve	12,756	-	-	(1,440)	-	11,316
Strategic plan reserve	344,500	-	-	-	-	344,500
Building repair reserve	40,000	-	-	-	-	40,000
New Home designated reserve	10,319,340	-	-	(615,416)	-	9,703,924
Total Designated Funds	10,716,596	-	-	(616,856)	-	10,099,740
Pension reserve	(7,520,000)	-	(172,000)	-	1,473,000	(6,219,000)
TOTAL UNRESTRICTED FUNDS	4,634,515	8,719,692	(8,206,679)	(819,768)	1,473,000	5,800,760
RESTRICTED FUNDS						
New Home	307,287	1,500	-	-	-	308,787
Instrument bequest	50,000	-	-	-	-	50,000
Iain & Pamela Sinclair legacy - recording label	237,096	-	-	-	-	237,096
Other restricted reserves	224,961	297,681	(1,079,768)	819,768	-	262,642
TOTAL RESTRICTED FUNDS	819,344	299,181	(1,079,768)	819,768	-	858,525
TOTAL FUNDS	5,453,859	9,018,873	(9,286,447)	-	1,473,000	6,659,285

Name of Fund	Description, nature and purpose of the fund
Reserves from ordinary activities	The "free reserves" after allowing for all designated funds
Designated Funds	
Capital Grants (spent reserves)	Once grants are spent on the assets for which they were awarded, the grant is transferred from restricted to designated reserves. The transfer in the year of £Nil (2020: £1,440) to Reserves from ordinary activities is their amortisation against the depreciation on those assets.
Strategic plan reserve	Created to allow investment in new activity developed as a result of strategic planning. A further £120,540 (2020: £nil) was designated in the year to support development of the new studio control room.
Strategic recovery fund	The Board set this fund up to provide funds to support recovery from Covid-19 and future growth.
Building repair reserve	Created to provide resources for unexpected building repair bills
New Home designated reserve	This fund represents capital expenditure on the construction, fitting out of our New Home and investment in new activity largely within our New Home. The transfer of £272,212 (2020: £615,416) to Reserves from ordinary activities represents the amortisation of New Home capital grants received against the depreciation on these assets.
Restricted Funds	
New Home	This reserve is the balance of grants received in advance of relevant capital and revenue expenditure.
Instrument bequest	Instruments donated to the Orchestra for use of musicians.
Iain & Pamela Sinclair legacy - recording label	Legacy from long-standing supporter to fund an RSNO recording label and other projects. This year investment of £55,996 (2020: £nil) was made in the new studio which will be used for recording.
Wellbeing fund	These are funds donated to set up a wellbeing fund for training and support of both staff and musicians.
Other restricted reserves	These represent a number of smaller grants for specific activities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

2021	Loan Reserve	Restricted Funds	Designated Funds	Unrestricted Funds	New Home Designated Reserve	Pension Reserve	2021 Total
	£	£	£	£	£	£	£
Fixed Assets	-	-	11,316	866,826	9,431,712	-	10,309,854
Net Current Assets	(122,000)	890,144	1,105,040	790,028	-	-	2,663,212
Pension (liability)	-	-	-	-	-	(5,849,000)	(5,849,000)
Long Term Liabilities	(2,928,000)	-	-	-	-	-	(2,928,000)
	(3,050,000)	890,144	1,116,356	1,656,854	9,431,712	(5,849,000)	4,196,066

2020	Restricted Funds	Designated Funds	Unrestricted Funds	New Home Designated Reserve	Pension Reserve	2020 Total
	£	£	£	£	£	£
Fixed Assets	-	11,316	734,786	9,703,924	-	10,450,026
Net Current Assets	858,525	384,500	1,185,234	-	-	2,428,259
Pension (liability)	-	-	-	-	(6,219,000)	(6,219,000)
	858,525	395,816	1,920,020	9,703,924	(6,219,000)	6,659,285

19. COMMITMENTS UNDER OPERATING LEASES

	2021	2020
	£	£
Within one year	14,465	12,540
Within two to five years	27,829	27,829
After five years	12,465	19,133
	54,759	59,502

Lease payments recognised in the year as an expense were £18,353 (2020: £18,368).

20. SUBSIDIARY COMPANY

The subsidiary company Royal Scottish National Orchestra Society (Properties) Limited owned the Henry Wood Hall which was sold in 2015. The charitable company did not trade during the current or prior year. All the Directors of the subsidiary are also Directors of the Society. The subsidiary is a company limited by guarantee and thus control lies with the Directors of the Society.

Cosolidated financial statements are not required as the subsidiary is dormant.

The subsidiary company has the same registered office address as the parent. Details of the registered office address can be found on Page 18.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

21. RELATED PARTIES

As two Directors of the Society sit on the committee of the RSNO Sick Fund and the RSNO Benevolent Fund, they are considered to be related parties. During the year the Sick Fund received from the Society, by way of contribution to the fund, the sum of £18,780 (2020: £8,976). At 31 March 2020 the Sick Fund owed £75,322 to the Society (2020: £90,619). During the year the Society paid £nil (2020: £nil) on behalf of the Benevolent Fund and received £nil (2020: £nil) from the Benevolent Fund. At 31 March 2020 the Benevolent Fund owed £nil (2020: £nil) to the Society.

The RSNO Foundation is related by common Trustees and during the year the Foundation made a grant of £Nil to the Society (2020: £278,000). At 31 March 2021 the Foundation owed £nil (2020: £nil) to the Society. During the year the Society made a grant of £500,000 (2020: £nil) to the Foundation

The RSNO Pension Scheme owes £128,422 (2020: £72,598) to the Society.

The RSNO American Foundation is a separate entity set up to support the aims and objectives of the RSNO in the USA.

Related parties to the Directors of the Society earned the following from their employment with the Society.

2021	Loan outstanding at the year end	Total earnings	Society pension contributions
		£	£
Katherine Bryan (spouse of Kennedy Leitch)	194	45,999	2,300
	194	45,999	2,300

2020	Total earnings	Society pension contributions
	£	£
Katherine Bryan (spouse of Kennedy Leitch)	48,227	2,690
	48,227	2,690

22. RECONCILIATION OF NET INCOME / (EXPENDITURE) TO NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES

	2021	2020
	£	£
Net income / (expenditure) for the year	285,781	(267,574)
Adjustments for:		
Depreciation charges	363,772	351,498
Dividends, interest and rents from investments	(3,114)	(4,838)
Decrease / (Increase) in debtors	596,628	(13,284)
(Decrease) / increase in creditors	(12,682)	95,908
Deficit payment for pension scheme	(3,388,000)	(265,000)
Loss / (Gain) on disposal of property plant and equipment	38,739	(1,014)
Non-cash pension costs	269,000	437,000
NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES	(1,849,876)	332,696

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

23. PENSION NOTE

The Society operates a defined benefit pension scheme for its employees which closed to future accruals on 30 September 2016. The current practice of increasing pensions in line with inflation is included in the measurement of the defined benefit obligation. A full actuarial valuation was carried out at 31 March 2018. These disclosures are based on the results of the full actuarial valuation as at 31 March 2018, projected forward with appropriate adjustments to 31 March 2021. The scheme is closed to both new members and future accruals of existing members.

Explanation of amounts in the financial statements

Amounts recognised in the Balance Sheet

	Value at 31 March 2021 £'000	Value at 31 March 2020 £'000
Present value of funded defined benefit obligations	33,972	30,228
(Fair value of scheme assets)	(28,123)	(24,009)
Deficit recognised in Scheme	5,849	6,219

Amount recognised in the Statements of Financial Activities over the year

	12 months to 31 March 2021 £'000	12 months to 31 March 2020 £'000
Current service cost	-	-
Past service costs	6	-
Net interest on the net defined benefit liability	138	176
Total administrative expenses recognised in profit and loss	125	261
Total pension expense	269	437

Projected Statements of Financial Activities expense to 31 March 2022

	12 months to 31 March 2022 £'000
Interest cost	654
Interest Income	(540)
Total administrative expenses recognised in profit and loss	125
Total pension expense	239

The Society contributions total £3.388m towards the pension deficit in the year to 31 March 2021. This will result in the Society not contributing any additional funds in the year to 31 March 2022.

Admin expenses for the year to 31 March 2022 are assumed to be the same as in previous years (i.e. £125,000 p.a.). If actual expenses are higher the pension expense for the year ending 31 March 2023 will be higher.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

23. PENSION NOTE (continued)

Reconciliation of assets and defined benefit obligations

	12 months to 31 March 2021 £'000	12 months to 31 March 2020 £'000
The change in obligations over the year was:		
Defined benefit obligation at beginning of period	30,228	31,746
Past service costs	6	-
Interest cost	671	736
Benefits paid	(847)	(825)
Actuarial loss/(gain) on benefit obligation	3,914	(1,429)
Defined benefit obligation at end of period	33,972	30,228

	12 months to 31 March 2021 £'000	12 months to 31 March 2020 £'000
The change in assets over the year was:		
Fair value of Scheme assets at beginning of period	24,009	24,226
Interest income on Scheme assets	533	560
Employer contributions	3,388	265
Benefits paid	(847)	(825)
Administration expenses	(125)	(261)
Return on assets in excess of interest income on Scheme assets	1,165	44
Fair value of Scheme assets at end of period	28,123	24,009

Actuarial gains and losses recognised in the Statements of Financial Activities

	12 months to 31 March 2021 £'000	12 months to 31 March 2020 £'000
Actuarial gain on assets	(1,165)	(44)
Actuarial loss / (gain) on liabilities	3,914	(1,429)
Total loss / (gain) recognised in Statement of Financial Activities	2,749	(1,473)

Changes in financial and demographic assumptions have led to a loss on liabilities of £3,914,000 since 31 March 2020. There has been no adjustment made for an experience gain/loss. In addition, there has been a gain on assets in excess of interest income of £1,165,000 since 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

23. PENSION NOTE (continued)

Sensitivities

At the reporting date, reasonable possible changes to one of the relevant actuarial assumptions, with the other assumptions held constant, would have affected the defined benefit obligation by the amounts shown below.

	31 March 2021
	£'000
Discount rate +0.25%	(1,445)
Inflation +0.25%	982
Increase of one year in life expectancy*	1,546

*Life expectancies at age 63 would increase from 21.7 years to 22.7 years for a male currently aged 63, and from 23.1 years to 24.1 years for a male currently aged 43.

Each sensitivity above is considered in isolation and we have adopted the same methodology as used for calculating the defined benefit obligation.

Asset Data

The assets of the Scheme are invested as follows:

	31 March 2021		31 March 2020	
	%	£'000	%	£'000
Cash / Bank Account	16.14%	4,539	5.93%	1,425
Equity	9.35%	2,630	6.96%	1,670
Diversified Credit	9.59%	2,697	16.20%	3,890
Diversified Growth	14.19%	3,991	11.80%	2,832
Corporate Bonds	8.82%	2,481	9.45%	2,270
Semi-Liquid Credit	19.10%	5,371	13.98%	3,357
LDI	22.81%	6,414	35.68%	8,565
Total	100.00%	28,123	100.00%	24,009

Financial Assumptions

	31 March 2021	31 March 2020
	% p.a.	% p.a.
Discount rate	1.95%	2.25%
Salary increases	2.35%	1.60%
Inflation:		
- RPI Inflation	3.25%	2.50%
- CPI Inflation	2.35%	1.60%
Nominal rate of increase in pensions in payment		
- Fixed 3%	3.00%	3.00%
- RPI 2.5%	2.20%	1.95%
- RPI 5%	3.15%	2.50%

The duration of the Scheme's liabilities is c17 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

23. PENSION NOTE (continued)

Demographic Assumptions

	31 March 2021	31 March 2020
Current life expectancy at age 63		
- Male	21.7 years	21.7 years
- Female	23.8 years	23.7 years
Life expectancy at age 63 of a member currently aged 43:		
- Male	23.1 years	23.1 years
- Female	25.4 years	25.3 years

The mortality assumption has been updated to reflect the most up to date CMI projection model (i.e. 2020) for future mortality improvements. The mortality assumption is therefore in line with S2PA tables (with a +2 year age rating) and future improvements based on the CMI 2020 projections model, with a long term rate of improvement of 1.25% p.a. and a smoothing parameter of 7.0 and a core initial addition parameter of 0%.

All other demographic assumptions are consistent with those adopted last year.

24. ULTIMATE CONTROLLING PARTY

In the opinion of the Directors there is no ultimate controlling party.