WELSH NATIONAL OPERA LIMITED

England & Wales · Charity number 221538

Details

Other names	THE WELSH NATIONAL OPERA AND DRAMA COMPANY LIMITED, WNO
Status	Registered
Legal form	Charitable company
Company number	00454297
Registered	1963-08-06
Register	View on the Charity Commission register

Contact

Address	Welsh National Opera The Wales Millennium Centre Bute Place Cardiff CF10 5AL
Phone	02920635000
Email	katie.shrubb@wno.org.uk
Website	www.wno.org.uk

Activities

Objects: TO PROMOTE AND ASSIST IN THE ADVANCEMENT OF EDUCATION SO FAR AS SUCH PROMOTION AND ASSISTANCE SHALL BE OF A CHARITABLE NATURE, TO PROCURE AND INCREASE THE APPRECIATION AND UNDERSTANDING OF DRAMATIC ART IN ALL ITS FORMS IN WALES AND ELSEWHERE.

Activities: The company engages in all aspects of staging opera and educational activity together with a wide range of related activities including concerts, broadcasts, recordings and publications.

Classification

- **How:** Other Charitable Activities
- **What:** Arts/culture/heritage/science
- **Who:** The General Public/mankind

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Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-08-31	£18,006,000	£18,310,000	£17,381,000	232
2024-08-31	£18,323,000	£20,613,000	£14,538,000	203
2023-08-31	£18,566,000	£20,724,000	£14,248,000	214
2022-08-31	£18,162,000	£20,169,000	£12,695,000	220
2021-08-31	£13,731,000	£11,933,000	£11,000,000	231
2020-08-31	£15,816,000	£18,147,000	£6,211,000	229

Trustees

Name	Role	Appointed
Annabel Clare Pillman		2022-07-29
Donald Maxwell		2023-12-18
Dr ARUN Daniel MIDHA		2022-07-29
Geraillt Pritchard Jones		2023-10-31
Harriet Feilding		2023-10-31
Henry Little		2019-02-15
Kenon Man		2023-10-31
LOUISE MITCHELL		2025-09-20
Manon Edwards Ahir		2019-10-22
Paul Michael Hughes		2023-10-31
Professor Medwin Hughes		2022-07-29
Sarah Jane Hemsley-Cole		2025-09-20

Linked charities

- WELSH NATIONAL OPERA BENEVOLENT TRUST (221538-1)

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WELSH NATIONAL OPERA LIMITED

England & Wales - Charity number 221538

Accounts

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WELSH
NATIONAL
OPERA
CENEDLAETHOL
CYMRU

Annual Report and Financial Statements

Year ended 31 August 2025

Welsh National Opera Limited

(Company limited by guarantee without share capital)

Company Number: 00454297 (England and Wales)

Charity Number: 221538

Docusign Envelope ID: 0E83F05B-D0EE-4F83-93C4-7488AC043675

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Reference and administrative details

Company Details

Welsh National Opera Limited

(Company limited by guarantee and without share capital)

Registered office	Wales Millennium Centre Bute Place Cardiff CF10 5AL
Company number	00454297 (registered in England and
Wales)Charity number	221538
VAT registration	GB 218 9895 51

Professional Advisers

Auditor	Bevan Buckland LLP Cardigan House Castle Court, Swansea SA7 9LA
Solicitors	Eversheds LLP 1 Callaghan Square Cardiff CF10 5BT
Bankers	Lloyds Bank plc 31 Queen Street Cardiff CF10 2AG

Bank deposits are also held at National Westminster and Barclays.

Investment Managers

Brewin Dolphin
5 Callaghan Square
Cardiff
CF10 5BT

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Directors and Officers

Board of Directors and Committees

The directors are also the Company's charitable trustees. The directors who served throughout the financial year, unless otherwise stated, and the committees they attend, are shown below:

Name		Designation	Main Board	Audit & Risk (ARC)	Nom & Rem	CTS	Artistic Advisory
Yvette Vaughan Jones	retired 7.10.25	Ex Chair	X		X		
Prof Medwin Hughes		Chair	X		X		
Nicola Amery	retired 20.10.25	Trustee	X		Ex Chair		
Manon Edwards Ahir		Trustee	X				
Harriet Feilding		Trustee	X	Chair			
Sarah Hemsley-Cole	appointed 20.10.25	Trustee	X				
Paul Hughes		Trustee	X		Chair		X
Geralt Jones		Trustee	X	X			
Donald Maxwell		Trustee	X				X
Louise Mitchell	appointed 20.10.25	Trustee	X				
Henry Little		Trustee	X		X		Chair
Kenon Man		Trustee	X			X	
Dr Arun Midha		Trustee	X	X			
Claire Pillman		Trustee/SID	X		X		
Aileen Richards	retired 20.10.25	Trustee	X			Chair	
Nan Williams		Independent	Co-opted				
Geraint Davies		Independent		X			
Nigel Goldsworthy		Independent		X			
Matthew Kennerley		Independent				X	

The Board meets a minimum of four times per year, delegating appropriate matters to the Audit & Risk and Nominations committees. Each committee determines its own frequency for meetings subject to the requirement to meet at least twice each year.

Executive Team

Adele Thomas	Joint General Director/CEO	(Appointed 02.01.25)
Sarah Crabtree	Joint General Director/CEO	(Appointed 02.01.25)
Tomáš Hanus	Music Director	
Carlo Rizzi	Conductor Laureate	
Christopher Barron	Interim General Director	(Resigned 30.09.24)
Stephanie Bradley	Executive Director	(Resigned 30.09.24)
Jan Michaelis	Interim General Director	(Resigned 31.01.25)

Senior Management Team

Chris Skaife	Interim Chief Operating Officer	(Appointed 09.04.25)
Sarah Boswell	Director of Development & External Relations	(Resigned 06.02.25)
Matthew Freeman	Interim Director of Development	(Appointed 03.09.25)
Emma Flatley	Director of Engagement and Partnerships	(Resigned 17.10.25)
Kate Baylis	Director of Artistic Administration	
Nadine Holloway	Interim Director of Finance	(Appointed 01.10.24)

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Matthew Downes	Head of Orchestra
Sian Morris	Interim Head of People & Transformation
Martina Fraser	Head of Marketing & Digital

Objectives, Visions and Values

Introduction

The trustees are pleased to present their annual directors' report which incorporates the strategic report, together with the financial statements of the activity for the year ending 31 August 2025, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2019)".

Charitable Objectives

WNO's charitable objectives are 'to promote and assist in the advancement of education so far as such promotion and assistance shall be of a charitable nature and in particular, so far as of a charitable nature, to procure and increase the appreciation and understanding of the dramatic art in all its forms in Wales and elsewhere.' These words are taken from WNO's Memorandum of Association.

Vision

We bring together people from all walks of life to create and experience extraordinary opera, to enhance lives, strengthen communities and enrich all the places in which we focus our work.

The Strategic Plan 2023-27 supports the transformation of Welsh National Opera to ensure the Company retains its national and international status, utilising a network of local hubs that are designed to build close bonds between the Company and its respective communities. Its programming will be a blend of performances and participatory projects, with a special emphasis on co-created work. The overarching goal is to always make the work relevant, finding connections between the work itself and the lived experiences of the audience.

Values

We are:

Inclusive - We have a workplace culture where all people are respected and valued.

Collaborative - We work as a team to achieve common goals.

Dynamic - We challenge ourselves creatively and encourage new ideas.

Generous - Our people use their talent, knowledge and skills with a generosity of spirit.

Responsible - We act with integrity and accountability.

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Chair's Statement

In so many ways, the 2024/25 Season at WNO has been a formative and transformative one.

It is the year that heralded the arrival of our new co-CEO/General Directors Adele Thomas and Sarah Crabtree. They bring with them a new vision for the future of the company and a revised operating model to be delivered in September 2026 alongside their first season.

It has been the year of awards. WNO has triumphed again and again. *Death in Venice* won the Sky Arts Award and the Critics' Circle Award, and *Peter Grimes* won the UK Theatre Award, while *Death in Venice*'s lighting designer Robbie Butler won the Profile Award, our Three Letters project won the Iris LGBTQ+ Prize and our Head of Stage Dan Saddington won Technician of the Year at the Association of British Theatre Technicians' Awards.

This success is all the more astonishing considering that the year contained some true challenges, including a restructure in the core staff - voluntary exits as well as redundancies within the Chorus - and union negotiations with both Equity and the Musicians Union. Both industrial negotiations are now resolved. The full-time Orchestra and Chorus contracts are protected alongside world-leading new agreements that will enable them to take a full part in our Programmes and Engagement work across Wales and England from September 2025. Throughout, our unions have worked tirelessly to fight for their members, our staff, and we convey our deepest thanks for to them for their integrity and professionalism.

Throughout all of this, the Company has continued to deliver world-class opera to our treasured touring venues across the UK. Our Season opened with a stunning new production of *Rigoletto* from our incoming General Director Adele Thomas, making her WNO debut, and a welcome return to Pietro Rizzo as our Conductor. A real statement of intent, *Rigoletto* showed the Company at their very best, from the stunning costumes made here in Cardiff to the brilliant company of actors, many making operatic debuts. Sorya Mafi's Gilda blew away audiences and critics alike. Alongside *Rigoletto*, there was a return for our major new co-production with Scottish Opera of Puccini's much-loved *Suor Angelica & Gianni Schicchi* (Double Bill) from renowned opera director David McVicar and starring Swansea's own Natalya Romaniw. Delivering this complex and ambitious production on tour was a testament to the skill and tenacity of the touring team. No mean feat, even in the best of times.

The Spring Season saw successes in major role debuts in a pair of operatic masterpieces. First, the return of our much-loved production of *The Marriage of Figaro*, including a role debut from Michael Mofidian as the eponymous trickster servant. Then Melly Still's new production of *Peter Grimes*, masterfully conducted, as always, by our Music Director Tomáš Hanus and featuring a monumental role debut by WNO favourite Nicky Spence in the role of the eponymous fisherman; a return to BBC Radio 3 with a broadcast of the production was also a highlight. The Season was rounded off in spectacular style with *Panig! Attack!!*, a new trilingual (Cymraeg, English and integrated BSL) opera to celebrate 20 years of our Youth Opera Company, with grateful thanks to the Seligman Youth Opera gift. Performed and co-created by participants of the Company past and present at the New Theatre, to music by Dan Perkin and text by Bethan Marlow and accompanied by the WNO Orchestra, it was a riot of young talent, fabulous music and breathtaking design, the future of opera is bright.

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On the concert platform, we saw the Orchestra diversify its portfolio of work and increase its reach, from the Northernmost tip of Wales to the Southernmost areas of Cornwall: whether with 60 foot dinosaurs on screen as part of Netflix's *Life on our Planet Live,* performing with world-class singers in concert (including Sir Bryn Terfel, Rebecca Evans CBE, Dame Sarah Connolly and Nicky Spence), or returning to the Grange Festival in Hampshire with an all-Bernstein concert, our Orchestra remains an ensemble at the height of its musical powers. July and Autumn were particularly busy, with festival engagements, including at MusicFest Aberystwyth (performing Arwel Hughes' *Serch Yw'r Doctor*) and two visits to the Fishguard Festival of Music. 2024-2025 saw us continue to visit Newtown, Swansea, Brecon, Aberystwyth, Bangor, Southampton, Bristol and Truro, as well as twelve concerts at the Royal Welsh College of Music and Drama (RWCMD) in Cardiff. The Season culminated with our first invitation to the BBC Proms and Radio 3 since 2010, thrilling audiences with an Italian-inspired programme of Puccini, Verdi, Respighi, Berio, Rossini and Elgar.

The Orchestra and Chorus play a key role in the talent pathways from conservatoire through to the profession. Performances at RWCMD allow young musicians to learn directly from the experience of our professional Orchestra, showcasing the young singers of the David Seligman Opera School, the MA Conducting Students, and both under- and post-graduate instrumentalists. Our Side-by-Side study days with both Trinity Laban and the Royal Birmingham Conservatoire immerse the students in the unique demands of being an instrumentalist in an opera company. December 2024 saw our first-ever Side-by-Side choral concert with RWCMD Chorus and the WNO Chorus in A Chorus Christmas. We also continued to develop our partnership with RWCMD, including students in our productions of *Suor Angelica & Gianni Schicchi* and *Peter Grimes*, giving them the unique experience of performing in our mainscale work in Cardiff and on tour.

Our Technical and Production Teams play an increasing role in developing future backstage talent. During 24/25 we continued to partner with Wales Millennium Centre (WMC) to deliver yearlong technical apprenticeships and to offer a range of placement opportunities for students in Stage Management. This year we partnered with RWCMD to offer an MA Arts Management Placement which helped develop our use of the Theatre Green Book. A new initiative has seen a growing partnership with Careers Wales to develop hands-on activities for secondary school pupils. These build on activities developed for Play Opera Live and introduce students to the range of backstage careers that are available. Workshops at Abertillery Learning Community attracted 350+ participants and at Idris Davies School in Merthyr attracted 50+ participants. We also continue to support skills development within the existing teams, often hosting courses in partnership with Cult Cymru. Areas covered in 24/25 included Advanced Lighting Programming, Rope Access for Rigging and Make Up for Darker Skin Tones. Our Scenery Construction arm Cardiff Theatrical Services (CTS) offered scenic craft apprenticeships (in partnership with Sgil Cymru) and formally partners with RWCMD to offer placements; it also has close ties to most other Drama Schools and High Education providers, particularly BOVTS, Central School of Speech and Drama, Bath Spa, Rose Bruford, LAMDA and Guildhall. The Management team of CTS also give visiting lectures on the industry to RWCMD Construction students.

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Chair's Statement (continued…)

Welsh National Opera's Programmes and Engagement team continues to transform lives through the power of music and creativity, breaking down barriers into opera and welcoming people into WNO, often for their very first taste of opera. Highlights of a spectacularly busy year include the growth of our groundbreaking Opera Tutti concerts, which give young people with profound and multiple learning difficulties a chance to visit the theatre and experience live music, and sell-out performances of Play Opera Live! for families and young children, as well as the growth of our Discover Opera programme into secondary schools. Wellness at WNO continues to break new ground, including a new partnership with Velindre Cancer Centre, and in the Autumn we celebrated the success of a new pilot programme for people suffering from persistent pain at the Senedd with partners from all 7 Welsh health boards.

As WNO prepares to enter its 80th Anniversary year, it is vital that we lay the foundations now that will ensure the best for the Company for the next 80 years. My particular thanks go to our many supporters, from trusts and foundations to the individuals that support our work and to the Arts Council of Wales and Arts Council England for their support of WNO, especially as we navigate the changes needed to truly build the opera company of the future. My thanks especially to Richard Brooks for his generosity and Mathew and Lucy Prichard, as well as The Colwinston Trust for their continued support of WNO, and to Yvette Vaughan Jones for her stewardship of WNO over the last four years as Chair of the Board. She has led the Company with dedication and tenacity through a particularly challenging time, and we are all grateful for her service. There are still challenges to come but with a new General Directorate, I have no doubt that the Company is on the road to a bold and brave future.

Signed by:
0762C813E6324AD...

Professor Medwin Hughes, Chair

Dated: 10/12/2025

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Directors' Report

Business Performance

The Company began the year with a strong balance sheet and raised income, including Theatre Tax Relief (TTR) and Orchestra Tax Relief (OTR) totaling £21.6m, an increase of 3.34% on the previous financial year. Income sources comprised 47% from the Arts Councils, 16% trading income, 9% charitable activities, 10% donations, and 18% from other activities and TTR tax relief. The year concluded with a strong financial position, ensuring the availability of funds needed to support the Company's transition to a revised operating model over the next three years.

The 2024/2025 programme featured four operatic titles. The Autumn Season consisted of *Suor Angelica & Gianni Schicchi* (Double Bill) and *Rigoletto*, as well as an Opera Favourites at the Movies concert. During Spring 2024, we toured *The Marriage of Figaro, Peter Grimes and* Play Opera LIVE!, as well as performing an anniversary production of WNO Youth Opera, *Panig! Attack!!*, in Cardiff. Despite fewer performances over the year we performed mainscale opera to 38,173 people and exceeded our financial target (114%).

Engaging Communities

Programmes and Engagement (P&E) activity continued with a focus across Southampton, Plymouth and Bristol, as well as across South, North, Mid and West Wales. The P&E delivery spans across 4 main strands:

Teach and Inspire - **WNO TEACH** - our schools and special schools programme across Wales and England, where we work with between 10-12 schools and ALN pupils every week throughout the academic year, teaching children to sing and perform. This work is heavily tied into the Expressive Arts Curriculum in Wales and is fully operatic, focussing on the voice to develop a musical and performative understanding of opera, including costume, technical, composing and directing. Schools apply to be part of the programme for either a year or two years and we select schools that are in areas that rank highly on the deprivation index, with limited cultural access or that have a high proportion of free school meals.

WNO TEACH includes weekly sessions, schools dress rehearsals and backstage tours, culminating in a performance in the Weston studio that was standing room only this summer. Young people from the programme are invited to join our Youth Opera, and if cost is a barrier we offer bursaries, support with travel and a buddy scheme, to encourage children that wouldn't normally get involved to take part. This year we have up to 60% of young people in our Youth Opera programme from WNO TEACH, who are supported by a WNO bursary.

As well as our weekly sessions, we also run special projects with schools that are thematically linked to the repertoire of the season, as well as teacher training and CPDs in partnership with BBC NOW and intergenerational schools' projects where young people have been creating music and song for our Cradle Choir (choir for people with Dementia and their families and carers). Alongside working directly in schools, we have continued to offer annual schools concerts, reaching up to 1500 children per show across Wales and the Southwest of England, as well as schools dress rehearsals / schools backstage visits and career talks. We engage with thousands of children through WNO TEACH every year across hundreds of events, and for many this is their first taste of live opera.

Discover Opera is a new programme and a collaboration with secondary schools taking place in Wales and Southwest England working with young people aged 11-14 where they are invited to watch and review our CWTA/ In Short productions, based on repertoire as part of our tour but designed for young people who have never seen opera.

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Directors' Report (continued…)

Inspire - offers opportunities for people of all ages to take part in world-class opera; this includes our award-winning Youth Opera for young people aged 11-18 years old, which takes place in Cardiff every week, with up to 80 young singers joining us. This spring we celebrated **Youth Opera's 20th Anniversary** through a specially commissioned trilingual production (Welsh, English and BSL) performed at the New Theatre in Cardiff and co-created with the young singers, Librettist Bethan Marlow, Composer Dan Perkins (Youth Opera's Music Director), Vocal Director Sian Cameron and Stage Director Hannah Noone. The production of *Panig! Attack!!,* as part of the Seligman Youth Opera Performance gift, was the first time that Youth Opera had performed with the whole of the WNO Orchestra, joined by Youth Opera alumni and soloists Jess Robinson (Cardiff Singer of the World finalist), Mica Liberta-Smith and, making her WNO Youth Opera debut, Sarah Adedeji, a British Nigerian Deaf and BSL Performer. Youth Opera also developed a new and fruitful partnership with Taking Flight Theatre Company, who specialise in working with Deaf, disabled and neurodiverse performers. The production was a resounding success with over 80 young performers on stage, celebrated by the whacky and innovative design of April Dalton. The whole production was one that our young performers will never forget.

Also, this year touring to all venues, our family show **Play Opera Live!** welcomed back *Blaze of Glory!* Director Caroline Clegg to the ranks, who expertly choregraphed the WNO Chorus, Associate and Guest Artists through a fairy tale inspired journey accompanied by our Orchestra. This is designed to bring the world of opera to life for early years up to aged 8, with interactive front-of-house workshops that show all aspects from wigs to make up, costumes and lighting design. Alongside this, we ran our groundbreaking Opera Tutti concert, created for young people with profound and multiple learning needs. Opera Tutti is a bespoke production for non-ambulant young people with associated physical difficulties and visual or hearing impairments, requiring significant support which means they wouldn't be able to visit a theatre. We have created the show as a unique way to experience opera through a sensory, interactive, unique performance. This year we visited Swansea (Pontardulais), Mid Wales (Powys) and North Wales (Flintshire), as well as Gloucester, Plymouth and Southampton, also offering a larger production in studio theatres for all ages to enhance the experience further.

Wellness and Sanctuary – **Wellness with WNO**, our rapidly growing health and wellbeing programme delivered in partnership and with investment of all 7 NHS health boards across Wales, as well as medical professionals across Wales, has continued to grow from strength to strength, capturing the attention of the national and international press. To date we have received over 450 patient referrals to the programme and the evaluation results have been incredibly positive. The programme comprises a 6-week singing and breathing online course, designed to help people join the programme without even having to leave their home, as many patients face barriers due to geography, accessibility or chronic pain. The programme is designed to support people experiencing symptoms of breathlessness and anxiety from the COVID-19 virus. Due to the demand, this year we expanded the programme to include people with Chronic Fatigue, ME and Fibromyalgia and other long-term health conditions. We have also been providing resources for people to practice at home, and we have set up 'drop-in sessions' to allow people to continue working with our vocal leaders longer-term.

We also set up a weekly pilot programme for people suffering from persistent pain, funded by Powys Teaching Health Board. We launched the results of this pilot programme at an event attended by all health boards, patients and the press at the Senedd in the Autumn, sponsored by MS Peredur Owen Griffiths.

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Directors' Report (continued…)

The initial independent evaluation of the pilot indicated that post-intervention patients reported reduced symptoms of pain, improvements in mental health, and a sense of community and support. Our NHS partners indicated high engagement from participants compared to other interventions, increased referrals and overall cost efficiency. Results showed that 95% of participants continued to use the breathing techniques post-intervention and two thirds of patients reported an improvement in pain that supported daily functionality, improvement in feelings of anxiety and the ability to manage pain independently.

As part of Wellness with WNO we have continued to offer, in partnership with Swansea Bay University Health Board Paediatric and Physiotherapy team, a series of wellbeing workshops for secondary school pupils who are experiencing social anxiety. We were also delighted to start a new partnership with Velindre Cancer Centre in Cardiff to deliver a breathlessness management programme for lung-cancer patients, post-radiotherapy treatment and an 'on the ward' concert series. We've been running a pilot with Supportive Care in Wales, and our team continues to bring music and song to 8 hospital wards across Wales every week and runs a specialised choir for people with Dementia (running in Milford Haven, Llanelli and Llandeilo) and a performance programme in care homes in Ely and West Wales.

For our local communities in Cardiff we were proud to develop a programme with community organisations and young people in Ely through WNO's Ely Bridge Programme. Ely is an area of the city that ranks high on the deprivation index, has a high and growing rate of crime often related to drug trafficking, and is an area that is isolated from the main cultural hub of the city, lacking regular arts and cultural activities. Attainment rates for young people rank considerably lower than other parts of the city. We were keen to continue to develop the programme by working in partnership with Action Caerau Ely, South Wales Police, The Church of the Resurrection and Ely Court Care home but have paused this for the timebeing due to funding.

Sanctuary - our singing, writing, composition and performance programme for refugees and asylum seekers in Wales and England, celebrating diverse cultures, musical traditions, stories and ideas; once again focussed on a partnership with the University of Southampton through their department of Music and Social Justice; and through an ongoing collaboration with the Clear Project, a Centre for Education and Action for refugees and asylum seekers.

Our Engagement Reach:

Through our engagement work in England across the year we reached:

Sessions*	Performances	Participants	Audience
194	26	5432	5247

And in Wales we reached:

Sessions*	Performances	Participants	Audience
966	42	10858	10859

A total of 16,106 people across the year

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Directors' Report (continued…)

External Factors

The performing arts continue to be buffeted by a particularly unstable period in global politics alongside the increasing strain on society from the cost-of-living crisis. Despite this, audiences continue to stabilise and the new patterns that have emerged post-covid, in particular later bookings, seem to be with us to stay. We are delighted that this Season saw us exceed our box office targets, building on the improvements seen in the previous year.

November 2024 saw WNO applying for an extension year for our Arts Council England (ACE) National Portfolio (NPO) funding, taking us through until March 2027. In March 2025 it was announced by ACE that the next National Portfolio Organisation (NPO) round would be delayed a further year to 31 March 2028 and the Executive and Board of WNO have contributed to the ACE Review, chaired by Margaret Hodge, and await its findings. ACE's Let's Create Opera Music Theatre review from 2024 has seen some positive action across the sector this year, in particular in the creation of a new UK Opera Association, a coalition of opera companies and sector leaders who have come together in response to a collective desire for greater collaboration and stronger advocacy. WNO continue to sit with ACE at the heart of conversations about Innovation in opera and the future of touring.

In March 2025, we negotiated the second year of our three-year funding agreement with Arts Council of Wales – our funding agreement with Arts Council of Wales is reviewed annually. Each year, this is still subject to ratification by Arts Council of Wales (both lead officer Council and CEO) and by the Welsh Government preceding their budget settlement per annum. There will be a review point at the end of year two (Spring 26) in regard to whether WNO will be supported in another three-year revenue funding cycle. Also in March 2025, we received percentage uplifts from both ACE (1.61%) and Arts Council of Wales (2.5%), which will help towards the significant strain of rising costs across our business.

Following the allocation of Transformation Funding from ACE, WNO received support from ACW's Jobs Resilience Fund in November 2024. Designed to support organisations through periods of change, these funds have been instrumental in enabling WNO to work towards becoming a flexible, sustainable organisation. Autumn 2024 saw the creation of WNO's Milestone Plan - a road map for the Company to reach that sustainable producing and operating model by the 2027/28 Season. Change is happening at pace, but the new vision brought to the Company by the co-General Directors gives the company a 'north star' by which to navigate these challenging but necessary times.

Audiences

Despite a reduction in performances, Welsh National Opera continued to stabilise audience numbers and revenue in 2024/25, with popular opera titles doing particularly well. Late bookings continue to be a pattern, due to the continued cost-of-living concerns, which is a wider trend. Box office revenue remained consistent and achieved 114% of the financial target. The repertoire was well-balanced and indicated the importance of a balanced repertoire to allow WNO to build our audience base while still appealing to those who have seen the Company before.

Results from post-show surveys conducted during the 2024/25 Season revealed that 85% of respondents had attended WNO performances in the past, which was slightly up from the previous year (82%). However, data from ticket booking systems suggest the percentage of new bookers could be higher. This is expected as those completing surveys are more likely to be older, and more regular bookers.

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Directors' Report (continued…)

Audiences

Better known titles such as *The Marriage of Figaro* continued to attract first-timers, but surprisingly *Rigoletto* did not follow this pattern as expected and instead attracted a more traditional audience as per *Peter Grimes* and *Sour Angelia and Gianni Schicchi (double bill)* the latter of which drawing bookers from a larger than usual drive time due to it being rarely performed. Of those surveyed two main motivations to attend were cited. The most common response was 'to be entertained' (35%), followed by 'opera is an important part of who I am' (29%).

Several factors have contributed to the continued strength of this year's mainscale audience performance. The 2024/25 repertoire offered a compelling mix of familiar favourites (*Rigoletto*, *The Marriage of Figaro*) and thought-provoking works (*Sour Angelia and Gianni Schicchi (double bill), Peter Grimes*), appealing to both loyal audiences and new attendees. Autumn 2024 presented some challenges, with overall box office performance at 95% of target and 47% average capacity across venues. However, *Sour Angelia and Gianni Schicchi (double bill)* and *Rigoletto* achieved encouraging results in Cardiff and Oxford, with Cardiff's *Sour Angelia and Gianni Schicchi (double bill)* exceeding its income target by 13%, demonstrating a strong appetite for rarely performed but well-known work.

Momentum built significantly in Spring 2025, where overall box office performance reached 139% of financial target, marking one of WNO's strongest recent touring seasons. The combination of *The Marriage of Figaro* and *Peter Grimes* resonated with audiences, particularly in Birmingham, Milton Keynes and Cardiff, where multiple performances exceeded budget expectations by over 150%.

The positive trajectory through Spring 2025 more than compensated for the softer Autumn results, resulting in a combined 114% achievement against budget across the full Season. This demonstrates growing audience engagement and the impact of strategic repertoire planning, with evidence that familiarity coupled with creative innovation continues to deliver both artistic and financial success.

Throughout the 2024/25 Season, WNO's Programmes and Engagement work continued to reach people within our communities daily, inspiring children, young people, families, those with long-term health conditions and intergenerational groups, among others, through projects such as *Wellness with WNO*, Youth Opera's 20th Anniversary celebrations, *Opera Tutti* and our schools programme. Many of these participants would otherwise not be given the chance to experience opera. As part of our mainscale programme, Play Opera LIVE! attracted a younger audience. Much of this audience had not previously experienced WNO performances (38%) previously, although this is less than last year, indicating that the product is also starting to attract a returning audience due to its quality and unique market placement.

WNO is committed to growing its audience base by delivering electric experiences that inspire new attendees and re-engage returning audiences.

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Directors' Report (continued…)

Development and External Relations

In 2024/25, fundraising was pivotal to our success, with individual donors, Trusts and Foundations and corporate supporters collectively constituting 11% of our income. Individual Giving led the way, accounting for 55% of this support, followed by legacies at 25%, Trusts and Foundations at 16%, and other income (Gift Aid, events, corporate support) at 4%. This support enabled us to deliver remarkable performances, inspire audiences across national and international tours, and nurture emerging talent, showcasing the transformative power of giving in sustaining and growing our cultural impact.

Looking ahead, we see significant opportunities for growth, particularly in underrepresented areas, such as corporate partnerships and a new generation of individual giving. We have invested time into prospecting and portfolio building and have undertaken a valuation of our sponsorable work to enable us to maximise existing and new corporate partnerships. Our strategic focus includes developing individual giving through active donor engagement at all levels, annual match-funding campaigns and major gift cultivation, developing Trusts and Foundations through increased bid writing, and exploring new collaborations within the corporate sector. By investing in these growth areas, we can secure a stronger, more sustainable future for WNO, ensuring opera and classical music continue to resonate with audiences today and for generations to come.

People and Culture

In support of the WNO strategy, a People Strategy has been developed that will focus on delivering a more diverse, modern, agile, creative and efficient workforce. We will have strong inspirational leadership and engaged colleagues who understand WNO's vision and strategic plan and the contribution they make to achieving them. We will ensure our colleagues are listened to and shape business decisions for the future.

Delivering the aims and objectives of our strategic plan will require organisational transformation. The greatest impact in terms of 'the WNO employment experience' comes from the managers who work, develop, and build relationships with their teams daily. We want to ensure that every colleague feels valued and appreciated for the work they do, whilst ensuring they are listened to in shaping the business.

Through the transformation process, we will ensure that engagement at all levels is effective in communicating the drivers for and ensuring everyone is engaged within this programme.

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Directors' Report (continued…)

Finance

Following several years of decreasing public funding for the arts, WNO is now entering a period of relative funding stability. However, the cumulative reductions have made the transformation of the Company's operating model a critical priority. Transforming a fully contracted touring company remains challenging due to internal restructuring timescales and the fact that programming is planned two to three years in advance. Nevertheless, we continue to review future budgets and are taking a phased approach toward becoming financially sustainable by Summer 2026, supported by a financial strategy covering 2025–2028.

Board

In 2024/25, the WNO Board convened on six occasions, including one bespoke Board call.

During the year, Stephen Harrison resigned from his role as Chair of CTS. In addition, the Chair of the WNO Board, Yvette Vaughan Jones, stepped down in October 2025 and she was succeeded by Professor Medwin Hughes, with Clare Pillman assuming the role of Senior Independent Director (SID). Further information is provided in the Directors' and Officers' note on page 3 of this report.

All Board appointments were undertaken in line with the organisation's commitment to the highest standards of governance. The recruitment and selection process was open and transparent, involving public advertisement and the engagement of the Nomination and Remuneration Committee.

To ensure continuity and maintain the breadth of skills and experience on the Board, two new Trustees were appointed during the year to succeed Nicola Amery and Aileen Richards in October 2025.

Subsidiaries

WNO has two wholly owned subsidiaries. Details of both are included in note 18.

Cardiff Theatrical Services Limited was established in 1984 as the in-house workshop for WNO and has a reputation for building outstanding quality scenery for some of the world's leading performing arts companies, visitor attractions and exhibitions.

The company continued with another successful year resulting in a profit of £241,458. Strong demand and the controls and processes introduced by management during recent years contributed to the success.

The Directors would like to express their gratitude to the company's employees for effectively managing this significant increase in activity and achieving a healthy profit. The employees' dedication and flexibility have enabled the company to deliver this increase in activity while maintaining its delivery and quality standards. Customer feedback has been excellent. Although the entertainment sector is experiencing challenging times due to constraints on consumer spending, the company's sales pipeline remains strong, and the directors anticipate a positive outcome for the current year.

WNO Productions Limited was set up in 2014 to create and prepare theatrical productions for the Welsh National Opera Group of companies.

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Directors' Report (continued…)

Public benefit

Welsh National Opera's public benefits are covered by its mission, vision and values.

The Directors have considered the Charity Commission's guidance on public benefit when reviewing the Company's aims and objectives and in planning future activities. In particular, the Directors have considered how the planned activities will contribute to the Company's aims and objectives.

Our activities are planned ahead of the year being reported, and from the outset consideration is given to the likely public benefits and public impact of all activities, the accessibility of this offer and the inclusivity of design and reach and how they fulfil the Company's mission, alongside the objectives of our funder (both Arts Councils) and DCMS and the Welsh Government, as well as the public benefit objectives of Trusts and Foundations funding. The details of the activities carried out, including activities aimed at encouraging specific audience groups, are shown in the business performance strand 1 review under the Artistic Content and Presentation section.

Several members of the WNO team and senior team are available at all our performances and events, to respond to participant or audience enquiries and to publicly represent the Company. Our Marketing team capture audience feedback through surveys and qualitive and quantitative data collection. Feedback and participation direct from audiences is encouraged, through surveys, through our website and through activities outside the main productions, and is used through our evaluation process to improve our public offer.

Participants of all ages take part in productions and engagement activities. Projects involving young people are supported by suitably qualified professionals and artists, all of whom are DBS checked, and are also supported by legally compliant Safeguarding policies and procedures.

We aim to encourage audiences from the widest catchment area across the communities we tour to, and we perform in easily accessible theatres, in major towns and cities in England and Wales. To further support access, we offer Touch Tours and Audio Description in many of our venues for people with visual impairments, and BSL interpretation and Makaton to support communication. All the theatres we tour to are part of the *Hynt* scheme. Several of our Youth Opera performers are disabled or neurodivergent as well as many of our participants, and we are working with an accessibility consultant across our Youth Opera performance programme in partnership with Taking Flight Theatre.

Our Programmes and Engagement strategy is predicated on values of access for all, supporting participants and audiences through the widest range of activities in community spaces, health care environments, centres for disabled people and PMLD units and through schools and colleges. We focus activities to support people who are socially excluded or with protected characteristics. Our schools programme is only offered in low-income areas or to those who rank highly on the deprivation index or to schools with a high proportion of free school meals. 60% of young people in our Youth Opera company can only take part due to our bursary support programme and since this offer the group continues to diversify. We seek to balance our activity across Wales with programmes in South, North, Mid and West Wales and across the Southwest of England, and we proactively work with other arts organisations and national bodies to ensure we do not duplicate cultural provision in these areas.

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Directors' Report (continued…)

Public benefit

Our third sector partners have enabled us to increase our reach and support of people who would never otherwise engage with opera but have now become life-long participants and collaborators. Our marketing, communications, digital content and social media channels are accessible and encourage audiences from all backgrounds to take part through targeted activity and ticketing strategies especially developed for young people and families. We endeavour to create communication that is accessible and inclusive in tone and content. This is supported by our pricing policy and commitment to affordability wherever we perform, both through pricing structures that are set below the market average for opera performances and free or 'taster' event and activities wherever possible. We also offer free dress rehearsal tickets for schools and community groups, including to schools from further afield by providing free transport and access to our theatres. We also provide school concerts and free workshop opportunities for schools and youth groups.

Our talent programme, through our Associate Artists provision, is committed to searching for and encouraging emerging and diverse talent from across the UK and actively encouraging artists with protected characteristics to audition. To ensure there are no barriers to access we have no entry fee to apply for the scheme, and we hold auditions in five different cities across the UK, lowering costs for applicants. We reimburse expenses for applicants offered a second audition and application requirements are kept to a minimum (albeit accepting applications in a wide variety of formats), and we have been actively working with conservatoires, particularly the Royal Welsh College of Music and Drama, Birmingham Conservatoire, Royal Northern College of Music and the National Opera Studio, Pegasus Talent and Voices of Black Opera to encourage a wider pool of applicants.

Environmental sustainability

In April 2025 WNO adopted the Theatre Green Book as the primary tool for monitoring its energy consumption and environmental impact. The Theatre Green Book is an industry-wide initiative to reduce the carbon footprint of the performing arts sector. This decision followed a period of evaluation undertaken in partnership with an MA Research student from the Royal Welsh College of Music & Drama Arts Management Course. The Company now has tools in place to monitor the environmental impact of its productions, touring and building operations.

We have replaced our touring lighting rig with more efficient LED fixtures. Our latest HGV tractor, purchased in 2024, is achieving a 30% improvement in fuel consumption against the vehicle that it replaced. We have reduced the number of printers and photocopiers across the business and replaced them with energy-efficient models. Our CTS Site and our Eastmoors Scenery and Costume Store are both serviced by 100% renewable electricity supplies.

Over the forthcoming year we will continue to source production elements from our stock and will seek to share stock scenic items with partners and enter co-production agreements where possible. This should reduce set build costs and materials consumption. We have ensured that building materials are being sourced from sustainable sources and traceable timber reserves (FSC wood). Scenery and props are held for reuse in revivals or new productions, wherever possible. All costumes are taken into storage for re-use.

Since 2023 we have also been presenting work that features climate and social justice themes, particularly through Programmes and Engagement work, ensuring that these productions are created sustainably, with minimum waste through recycled set, costumes and props, in line with the Theatre Green Book's standards. In 2025 our new production of *Peter Grimes* was created using repurposed and recycled sets and costumes. The sets and costumes will now be stored pending future revivals. We estimate that this has achieved Green Book Intermediate Status.

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Directors' Report (continued…)

Welsh language

Welsh National Opera is subject to the Welsh Language Standards (No. 2) Regulations, which set out service delivery, policy making, operational, record keeping, and supplementary standards that we are required to meet. The Welsh Language Standards came into effect for WNO in January 2017. Since then, we have introduced processes and procedures to ensure compliance with the 136 standards detailed in our Compliance Notice.

In summer 2025, WNO updated its Welsh Language Standards Compliance Plan and introduced a new Compliance and Monitoring Policy and an updated Policy Screening Tool. These changes support our ongoing commitment to promoting and strengthening the use of Cymraeg across our programme.

WNO have an All-Wales cultural strategy which outlines our holistic approach to the use and promotion of Cymraeg and Welsh culture. This strategy incorporates not only legal compliance but our common understanding as a Company of how we can use our cultural and competitive advantage to support the interplay of Welsh culture within a multi-cultural and multilingual Wales. It also explains how, through our art form, we can become the cultural heartbeat of our nation and uphold our flagship status as a national and international company representing Wales to the world.

Artistically our Cardiff and Llandudno Schools Concert was delivered in the medium of Cymraeg. Play Opera Live! was delivered with bilingual content in both Wales and England, as well as a bilingual "CWTA" production (again in Wales and England). A highlight of this year was a trilingual (Cymraeg, English, BSL) Youth Opera production – called *Panig! Attack!!* - at the New Theatre in Cardiff. Our Schools Programme works in Welsh medium schools, and our Wellness Programme is also offered in Cymraeg.

Towards the end of this financial year will begin workshopping our Welsh-language opera *Hedd Wyn*, working to create a new main stage production for 2027, developing on the original commission in 2015 made in partnership with S4C.

Financial Review

The Consolidated Statement of Financial Activities for the Group and its subsidiaries is shown on page 26. Overall, the Group's activities resulted in net incoming resources of £2.74m (2024 restated £1.68m).

Income

Total incoming resources decreased by £1.1m to £18m (2024 restated – £19.1m).

Expenditure

Overall expenditure this year reduced by £2.3m to £18.3m (2024 restated – £20.6m).
Expenditure on charitable activities reduced by £1.8m and accounts for 82% of all expenditure (2024 – 83%).

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Directors' Report (continued…)

Subsidiaries

Cardiff Theatrical Services Limited enables WNO to maintain its own excellent set-making facilities and continues to build sets for many other clients. The subsidiary made a profit after taxation of £241k (2024 - £271k) during the year after contributing an appropriate share of premises and overhead costs to WNO. This profit will be gift aided up to the charity.

WNO Productions Limited was formed in 2014 to create and prepare theatrical productions for the Group.

Details of both subsidiaries are included in note 18.

Fixed assets, investments and cash

Fixed assets purchased during the year amounted to £24,000 (2024- £143,000) primarily replacing equipment.

After investing the funds referred to above, at the year-end the Group held cash at bank of £3,990,000 (2024 – £1,879,000).

The Group holds its cash in major UK clearing banks. The Investment Committee regularly reviews the Group's banking arrangements and investment policy. The Group openly trades in investments and securities, and are classified as fixed asset investments with a market value of £5,979,000 at year end (2024 - £4,225,000) (see note 7b).

Pension

Group employees contributed to a defined contribution pension scheme; the Group's defined benefit scheme was closed to new entrants and future accrual on 5 April 2009 but continues to be maintained by the trustees for its pensioners (see note 17). The surplus on the defined benefit scheme amounted to £3,326,000 on 31 August 2025 (2024– surplus of £3,984,000) with an actuarial loss of £855,000 shown in the year (2024 - loss of £428,000). These movements reflect the changes in the valuation of the actual assets and estimated liabilities in the scheme, and do not represent crystallized net assets or liabilities.

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Directors' Report (continued…)

Risk Management

The Board recognises its legal responsibility to provide an annual Risk Management Statement to show they have given due and proper consideration of the charity's major risks, and that they have satisfied themselves of the adequacy of the systems that are in place to manage those risks (Charities (Accounts and Reports) Regulations 2008).

Detailed review authority is delegated to the Audit and Risk Committee, which meets on at least a quarterly basis each year. The Committee is made up of two board trustees, two external independent members with specialist knowledge/experience. Committee meetings are also attended by the General Directors, Chief Operating Officer, Finance Director and the Chair of the Board in an Ex-Officio capacity. Findings and recommendations are made to the full Board, along with a summary of the risk register.

The Board considers risk to be the opportunities/uncertainties which may impact its ability to deliver its vision/mission/strategy or which may jeopardise the WNO's compliance with legal and regulatory requirements.

In applying a particular approach, the Board assesses and agrees its own appetite to the risks identified, which is reviewed annually, and enables the executive team to manage risks accordingly. For example, the Board considers whether it wishes to be:

- risk averse, where avoidance of the risk is a key organisational objective;
- risk balanced, where the preference of the board is for delivery options having a low degree of inherent risk/may only have limited potential for reward or;
- risk seeking where the board is perhaps keen to be innovative and therefore willing to choose options offering potentially higher rewards (albeit with greater inherent risk.

In identifying and assessing risk, WNO looks at both internal and external factors which may impact its strategic objectives, as well as its financial position. In addition, there are key leading and lagging indicators, which may influence its ability to over or under achieve what it has set out to do. Risk areas have been aligned to the organisation's strategic objectives and have been categorised into the following:

a) Financial (e.g. loss of income, pension liabilities, cash flow, reserves)
b) Operational (e.g. staff skills/welfare/collective agreements, resources, business continuity)
c) Reputational (artistic quality, partner agreements)
d) Strategic (e.g. economic climate, government policy)

The organisation is also mindful of other potential significant risks, which underpin and run across all the above:

e) Legal (e.g. H &S breach, legal/regulatory responsibilities, breach of trust)
f) Governance (e.g. organisational controls, trustee skills, conflicts of interest)

The Board recognises that risks ebb and flow, depending on both external and internal factors. Therefore, the management of these risks is a dynamic process, which requires regular review. The organisation's approach to managing risk is multi-faceted, depending on the type of risk and includes:

- stopping the activity to avoid the risk completely
- mitigating the risk to best possible controls measures
- transferring the financial consequences to insurers or outside companies
- accepting the risk as unavoidable.

The Trustees can confirm there have been no reportable Serious Incidents during this period and are kept aware of the renewed guidance given by the Charity Commission on safeguarding, governance, complaints handling, staff engagement and public trust in charities.

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Directors' Report (continued…)

Reserves

As of 31 August 2025 the total funds held by the Group stood at £17.4m (2024 - £15.5m restated); of this total £7.1m was classed as restricted or endowed funds (2024 - £5.95m restated) leaving unrestricted funds totalling £10.3m (2024 - £9.6m restated).

The Group has set a minimum level of free reserves of £1.5m. This provides the Group with a short-term safety net in the event of unforeseen shortfalls in income and is based on a risk assessment of all the Group's sources of income. This level of reserves is considered by the Board to be the appropriate acceptable level of free reserves to provide for the stability of the Group.

The calculation of free reserves is shown below and shows free reserves of £3m (2024 - £2.6m restated); the remaining unrestricted reserves have been designated to support the transition to a new operational structure over the next 3 years.

Free reserves

This refers to the Group's free reserves which are calculated as directed by SORP as follows:

At 31 August	**2025 £'000**	**Restated 2024 £'000**
Total unrestricted funds	**10,289**	**9,549**
Exclude designated funds – transformation reserve (Note 13)	(2,538)	(1,488)
Less fixed assets	(1,425)	(1,496)
Exclude pension reserve	(3,326)	(3,984)
Free reserves	**3,000**	**2,581**

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Directors' Report (continued)

Governance and Management

The Company is a registered charity constituted as Company Limited by Guarantee and does not have share capital (See note 12).

The reference and administrative details of the Company are shown on page 2, and the details of the Directors of the Company, who are also its members and charitable trustees, are shown on page 3.

Governance

As required by the Company's Articles of Association, directors are appointed by the members of the Company at the annual general meeting of the Company, after nomination by a member. The Board's membership is drawn from Wales, London and the English regions. Between them directors possess the range of expertise, skills and experience necessary to carry out the full remit of the Board's responsibilities.

New directors are provided with an induction to the Group and given guidance as to the role and responsibilities of being both a charity trustee and a company director. A copy of the Governance Code is provided for each director as part of the induction process.

The Board is responsible for approving overall policies, plans and organisation.

Directors may expect to serve two consecutive terms of three years in office and are eligible to serve a third term if approved by the Board, following a review by the Nomination and Remuneration Committee. An extension of office beyond three terms is only considered in exceptional circumstances. The Chair of the Group is expected to serve for two terms of office irrespective of how long they have served as a director prior to appointment, if relevant.

The directors who held office during the year and up to the date of signing of the Financial Statements are listed in the Group Details section beginning on page 2.

Directors' interests

Directors have no interests in the Group or the related bodies shown in note 19 to the Financial Statements. Directors received no remuneration as directors in the year (2024 - £nil).

Senior Leadership

The Executive Team is made up of the co-General Directors and the Music Director who report directly to the Board.

The Senior Management Team comprises departmental directors with responsibility for artistic administration, chorus and orchestra, participation and engagement, development and external relations, technical operations, people & culture, marketing and communications, and finance.

Note 4 contains details of the arrangements in relation to Senior Management remuneration.

Equal opportunities and diversity

The Group is committed to a policy of equal opportunities in its employment practices. The Group does not own or manage any of its performing venues but monitors facilities for disabled patrons and encourages the theatre owners to improve facilities where necessary. Full consideration is given to the employment and training of disabled persons as permitted by the conditions of employment. It is Company policy to ensure that continued employment is offered, wherever possible, to employees who become disabled during their employment.

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Directors' Report (continued)

Going concern

The directors have assessed the Company's ability to continue as a going concern. The directors have considered several factors when forming their conclusions as to whether the use of the going concern basis is appropriate when preparing these financial statements including liquidity, cash resources, liabilities, and the support available from ACE and ACW Transform funding schemes. After assessing the impact of income and cost reduction scenarios, the directors have concluded that the charity has a reasonable expectation that there are adequate resources to continue to operate for at least 12 months from the date of signing of the financial statements and have continued to prepare the financial statements on a going concern basis.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Following a tender process for the audit contract, **Bevan Buckland** were appointed as the charity's auditors in place of **Azets Audit Services**, with the appointment approved at the **Annual General Meeting held in April 2025**. A resolution to reappoint Bevan Buckland as auditors of the charity will be proposed at the forthcoming Annual General Meeting.

The Directors' Report and the Strategic Report were approved by the Board of Directors and signed on its behalf by:

Signed by:
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Professor Medwin Hughes, Chair

Date: 10/12/2025

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Statement of Trustees' Responsibilities

The trustees (who are also directors of Welsh National Opera Limited for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the strategic report and directors' report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for maintaining proper accounting records which 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. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed by:
0762C813E6324AD...
Professor Medwin Hughes
Signed on behalf of the Board of Trustees

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Independent Auditor's Report to the Members of Welsh National Opera Limited

Opinion

We have audited the financial statements of Welsh National Opera Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2025 which comprise the consolidated Statement of Financial Activities, the consolidated and parent Balance Sheet, the consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies . The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 August 2025, and of the group's incoming resources and application of resources 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.

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 responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other 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 opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other matters

The financial statements of Welsh National Opera Limited for the year ended 31 August 2024 were audited by another auditor who expressed an unmodified opinion on those statements.

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Independent Auditor's Report to the Members of Welsh National Opera Limited

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 trustees' report, which includes the strategic report and directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees
As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements
We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Docusign Envelope ID: 0E83F05B-D0EE-4F83-93C4-7488AC043675

Independent Auditor's Report to the Members of Welsh National Opera Limited

Extent to which the audit was considered capable of detecting irregularities, including fraud
We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then, design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We discussed our audit independence complying with the Revised Ethical Standard 2024 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
- identifying, evaluating, and complying with laws and regulations and whether they were aware of- any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual suspected or alleged fraud;
- internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud;
- obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the entity, The key laws and regulations we considered in this context included the UK Companies Act, Charities Act and relevant tax legislation.

Audit response to risks identified

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC;
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. 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 Report of the Auditors.

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Independent Auditor's Report to the Members of Welsh National Opera Limited

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

Alison Vickers
Senior Statutory Auditor
For and on behalf of
Bevan Buckland LLP
Chartered Accountants and Statutory Auditors
Cardigan House Castle Court,
Swansea
SA7 9LA

Date: 10/12/2025

Docusign Envelope ID: 0E83F05B-D0EE-4F83-93C4-7488AC043675

Consolidated Statement of Financial Activities

Incorporating the income and expenditure account for the year ended 31 August 2025

Year to 31 August:	Note	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2025 £'000	Restated Total 2024 £'000
Income and endowments from:						
Charitable activities	2a	1,899	-	-	1,899	2,247
Donations	2a	504	464	1,071	2,039	2,953
Legacies	2a	584	150	-	734	88
General grants	2a	8,131	1,836	-	9,967	10,296
Trading income	2a	2,976	-	-	2,976	3,414
Investment income	2a	214	53	123	390	122
Total income		**14,309**	**2,503**	**1,194**	**18,006**	**19,120**
Expenditure on:						
Charitable activities	2b	(13,333)	(2,065)	-	(15,398)	(17,076)
Raising funds	2b	(176)	-	-	(176)	(377)
Trading expenditure	2b	(2,736)	-	-	(2,736)	(3,160)
Total expenditure		**(16,245)**	**(2,065)**	**-**	**(18,310)**	**(20,613)**
Other recognised gains and losses						
Net gains on investments		13	125	229	367	132
Net income/(expenditure) before tax		**(1,923)**	**563**	**1,423**	**63**	**(1,361)**
Taxation	18	2,673	-	-	2,673	3,041
Net income for the year	3	**750**	**563**	**1,423**	**2,736**	**1,680**
Transfers						
Transfer from Endowment fund		845	(722)	(123)	-	-
Transfer from Restricted fund	13	-	-	-	-	-
Other gains/losses						
Actuarial (losses) in the defined benefit pension scheme	17	(855)	-	-	(855)	(428)
Net movement in funds		**740**	**(159)**	**1,300**	**1,881**	**1,252**
Fund balance brought forward (restated - note 20)	16	9,549	3,053	2,898	15,500	14,248
Fund balance carried forward		**10,289**	**2,894**	**4,198**	**17,381**	**15,500**

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

All income and expenditure derive from continuing activities. The notes on pages 32 to 64 form part of these financial statements. No separate income and expenditure account is presented for the parent Company in accordance with the provisions of s.408 of the Companies Act 2006. The total income for the parent company is £21.0m (2024 - £19.0m – restated). The result reported in the accounts of the parent Company is a surplus before actuarial adjustments of £5.8m (2024 – surplus £1.2m - restated).

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Consolidated Balance Sheet

As of 31 August 2025

	Note	31 August 2025 £'000	Restated 31 August 2024 £'000
Fixed assets			
Tangible assets	7a	1,424	1,496
Investments	7b	5,979	4,225
		7,403	**5,721**
Current assets			
Stocks	8	72	72
Debtors	9	4,497	5,706
Cash and bank deposits	10	3,990	1,879
		8,559	**7,657**
Creditors: amounts falling due within one year	11	(1,908)	(1,862)
Net current assets		**6,652**	**5,795**
Total assets less current liabilities		**14,055**	**11,516**
Net assets excluding pension liability		**14,055**	**11,516**
Defined benefit pension asset	17	3,326	3,984
Net assets		**17,381**	**15,500**
Total charity funds			
Unrestricted funds			
Other charitable funds	13	3,000	3,209
Designated funds	13	3,963	1,488
Revaluation reserve	13	-	868
Pension reserve	17	3,326	3,984
Total unrestricted funds	13	**10,289**	**9,549**
Restricted funds	14	2,894	3,053
Endowment funds	15	4,198	2,898
Total charity funds		**17,381**	**15,500**

The notes on pages 32 to 64 form part of these financial statements

The financial statements of Welsh National Opera Limited, company registered number 00454297, were approved by the Board of Directors and authorised for issue on .....

Signed by:
Harriet Feilding
BBE6883D575E40F...

Signed on behalf of the Board of Directors:

Harriet Feilding - Trustee

Docusign Envelope ID: 0E83F05B-D0EE-4F83-93C4-7488AC043675

Company Balance Sheet

As of 31 August 2025

	Note	31 August 2025 £'000	Restated 31 August 2024 £'000
Fixed assets			
Tangible assets	7a	1,424	1,496
Investments	7b	5,979	4,225
		7,403	**5,721**
Current assets			
Stocks	8	72	72
Debtors	9	4,409	2,657
Cash and bank deposits	10	3,690	1,614
		8,171	**4,343**
Creditors: amounts falling due within one year	11	(1,521)	(1,563)
Net current assets		**6,650**	**2,780**
Total assets less current liabilities		**14,053**	**8,501**
Net assets excluding pension liability		**14,053**	**8,501**
Defined benefit pension asset	17	3,326	3,984
Net assets		**17,379**	**12,485**
Total charity funds			
Unrestricted funds			
Other charitable funds	13	2,998	194
Designated funds	13	3,963	1,488
Revaluation reserve	13	-	868
Pension reserve	17	3,326	3,984
Total unrestricted funds	13	**10,287**	**6,534**
Restricted funds	14	2,894	3,053
Endowment funds	15	4,198	2,898
Total charity funds		**17,379**	**12,485**

The notes on pages 32 to 64form part of these financial statements. No separate income and expenditure account is presented for the parent Company in accordance with the provisions of s.408 of the Companies Act 2006. The results of the charity are noted below the Statement of Financial Position and in more detail within the notes to the financial statements. The financial statements of Welsh National Opera Limited, company registered number 00454297, were approved by the Board of Directors and authorised for issue on .....

Signed by:
Harriet Feilding
BBE6883D575E40F...

Signed on behalf of the Board of Directors:

Harriet Feilding - Trustee

Docusign Envelope ID: 0E83F05B-D0EE-4F83-93C4-7488AC043675

Consolidated Cash Flow Statement

Year to 31 August:	Note	2025 £'000	Restated 2024 £'000
Net cash flow from operating activities (see below)		**3,328**	**(203)**
Investing activities:			
Interest received		207	122
Proceeds from sale of investments (shares etc.)	7b	672	705
Investments (in shares etc.)	7b	(2,072)	(1,371)
Purchases of fixed assets	7a	(24)	(143)
Proceeds from sale of fixed assets	2a	-	16
Net cash flow from investing activities		**(1,217)**	**(671)**
Net cash movement		**2,111**	**(874)**
Opening cash at bank and in hand		**1,879**	**2,753**
Closing cash at bank and in hand		**3,990**	**1,879**

Net cash flow from operating activities			Restated
Years to 31 August:		**2025**	**2024**
		£'000	**£'000**
Net income/(expenditure) for the year		**2,736**	**718**
Adjustments for:			
Interest receivable		(391)	(122)
Depreciation charges	7a	96	126
Profit on sale of fixed assets	2a	-	(13)
Movement in investments	7b	(367)	(521)
Operating cash flow before movement in working capital		**2,074**	**188**
Movements in working capital:			
Movement in stocks	8	-	30
Movement in debtors	9	1,209	(326)
Movement in creditors	11	45	131
Adjustment for pension funding	17	-	(226)
		1,254	**(391)**
Net cash (outflow)/inflow from operating activities		**3,328**	**(203)**

No separate statement of cash flows is presented for the parent Company in accordance with the provisions of s408 of the Companies Act 2006.

The notes on pages 32 to 64 form part of these financial statements.

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Notes to the Financial Statements

1. Accounting Policies

Welsh National Opera Limited is a registered charity incorporated in England and Wales as a company limited by guarantee without share capital. The trustees are also the members of the Company. Each member has undertaken to contribute a sum not exceeding £10 to the assets in the event of winding up. The registered office is given on page 2.

Basis of accounting

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Prior year adjustments

During the financial year the Directors identified several items of misstatement relating to the prior year, the Directors have taken the decision to correct these misstatements via a prior year adjustment. Full details of the misstatements identified, and the corrections made are detailed on note 20 of these financial statements.

Basis of consolidation

Group financial statements have been prepared in respect of Welsh National Opera Limited and its wholly-owned subsidiaries, Cardiff Theatrical Services Limited and WNO Productions Limited, on a line by line basis. The results of the subsidiaries are set out in note 18.

No separate statement of financial activities and income and expenditure account has been presented for the Charity alone as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the Statement of Recommended Practice: Charities SORP (FRS 102).

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the board in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

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Notes to the Financial Statements

1. Accounting Policies (continued)

Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount.

Income from grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Income from charitable activities and trading income is recognised in the period to which the service relates with any amounts received in advance being deferred.

No amounts are included in the financial statements for services and time donated by volunteers.

Interest on funds is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividend income is recognised on the date the charity's right to receive payment is established.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Expenditure recognition

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. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs in relation to generating income such as fundraising and events, marketing and publicity and certain costs associated with the charity's trading subsidiaries.
- Expenditure on charitable activities includes all costs relating to the furtherance of the charity's objectives as stated in the trustees report.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

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Notes to the Financial Statements

Expenditure recognition (continued)

Expenditure in respect of productions to be presented in a future financial period is charged at the time of the first performance of the production. Such expenditure includes the company's share of the costs of the set, props, costumes, wigs, rehearsals and marketing of that production.

An analysis has been provided for the charitable activities on a departmental basis.

Costs where possible are attributed directly to the activity to which they relate. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Governance costs comprise all costs involving public accountability of the charity and its compliance with regulation and good practice.

Taxation

As a registered charity Welsh National Opera Limited is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only.

Theatre Tax Relief (TTR) & Orchestra Tax Relief (OTR)

Amounts due to Welsh National Opera Ltd in respect of Theatre Tax Relief and Orchestra Tax Relief, are included in the financial year to which the claim relates within Income from Charitable Activities rather than as a tax credit or a reduction in expenditure as the nature and intention of Theatre Tax Relief and Orchestra Tax Relief is akin to government grant income.

Fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses or in cases where fixed assets have been donated to the charity, at valuation at time of acquisition.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Category of Asset:	Depreciation Policy:
Long leasehold premises	Depreciated over 50 years
Vehicles	10% to 25% per annum on a straight-line basis
Equipment, fixtures and fittings	9% to 33% per annum on a straight-line basis

The Group's long leasehold premises were valued upon transition to FRS 102, and this value has now been adopted by the Group as the deemed cost as permitted by FRS102. Other fixed assets are included at cost less accumulated depreciation.

Costs of creating opera productions are written off in full at the time of the first performance of the production by the Company.

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Notes to the Financial Statements

1. Accounting Policies (continued)

Investments

Fixed asset investments in quoted shares, traded bonds and similar investments are valued at initially at cost and subsequently at fair value (their market value) at the year end. The same treatment is applied to unlisted investments unless fair value cannot be measured reliably in which case it is measured at cost less impairment.

Stocks

Stocks consist of raw materials and are stated at the lower of cost and net realisable value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Capital grants, in accordance with Accounting and Reporting by Charities: (SORP 2015), are accounted for within restricted funds. Accordingly, this fund is reduced by the depreciation arising on the tangible fixed assets acquired with the grant.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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Notes to the Financial Statements

1. Accounting Policies (continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

Employee Benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Gift Aid

Gift aid is recognised when there is a constructive obligation to make payment, it is recognised as a distribution in the trading subsidiary accounts and a donation in the parent charity accounts. Previously the gift aid donation in WNO Productions Ltd was recognised upon payment, however the Directors reviewed the policy during the year and felt the recognition upon constructive obligation better represented the underlying position of the Charity at year end. Therefore, the Charity donation income in FY25 includes 2 entries for TTR and OTR being gift aided up to the parent charity upon transition of this policy change.

Pensions

For defined contribution schemes:
The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due and are allocated against unrestricted funds.

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1. Accounting Policies (continued)

For the defined benefit scheme:
The Group retains a defined benefit pension scheme which was closed to new entrants and future accrual with effect from 5 April 2009. Note 17 sets out full disclosures in accordance with FRS 102 'Retirement Benefits'.

The assets of the scheme are held separately in an independently administered fund.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in income/ (expenditure) for the year.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other recognised gains and losses in the period in which they occur and are not reclassified to income/(expenditure) in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Operating leases

Rental costs under operating leases are charged to the statement of financial activities on a straight-line basis over the period of the lease.

Critical accounting judgements and key sources of estimation uncertainty

In the application of charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Pensions accounting requires an estimation of actuarial assumptions. These represent the charity's best estimate of the variables that will determine the liability at the year-end. The trustees do not consider there are any other critical judgements or sources of estimation uncertainty requiring disclosure.

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Notes to the Financial Statements

2. Analysis of Charitable Activity

Years to 31 August	Unrestricted Fund 2025 £'000	Restricted Fund 2025 £'000	Endowment Fund 2025 £'000	Total 2025 £'000	Restated Total 2024 £'000
Box office and similar income	1,376	-	-	1,376	1,732
Programmes & Engagement	120	-	-	120	160
Income from other charitable activity	403	-	-	403	342
Profit on disposal of fixed assets	-	-	-	-	13
Income from charitable activities	**1,899**	**-**	**-**	**1,899**	**2,247**
Grants receivable:					
Arts Council England	4,064	-	-	4,064	4,000
Arts Council England (Transformation)	-	1,836	-	1,836	1,944
Arts Council of Wales	4,067	-	-	4,067	4,352
General grants	**8,131**	**1,836**	**-**	**9,967**	**10,296**
Trading Income:					
Cardiff Theatrical Services Ltd	2,978	-	-	2,978	3,414
Total Trading Income	**2,978**	**-**	**-**	**2,978**	**3,414**
Investment income:					
Interest received	214	53	123	390	122
Portfolio income	-	-	-	-	-
Total investment Income	**214**	**53**	**123**	**390**	**122**
Legacies & Donation income:					
Donations	504	464	1,071	2,039	2,953
Legacies	584	150	-	734	88
Total Legacies & Donation Income	**1,088**	**614**	**1,071**	**2,773**	**3,041**
Total income	**14,311**	**2,503**	**1,194**	**18,008**	**19,120**

The majority of the income in the previous year derived from activities in the UK with less than £100,000 arising from the European Union. The majority of the income in the current year was derived from activities in the UK.

Donations and legacies include several large one off donations made by major individual donors, these have not been separately disclosed to protect the identity of the donor.

The donations received in FY25 include a one-off donation of £1.071m from WNO Endowment Charity Fund (charity number: **1146595).** This donation was agreed by the Trustees on closure of the charity and was made via transfer of investment portfolio assets.

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Notes to the Financial Statements

2. Analysis of Charitable Activity (continued)

(b) Expenditure on charitable activities

Year to 31 August:	Direct activity 2025 £'000	Support costs 2025 £'000	Total costs 2025 £'000	Restated Direct activity 2024 £'000	Restated Support costs 2024 £'000	Restated Total costs 2024 £'000
Main-scale opera	11,981	2,321	14,302	13,584	2,333	15,917
Programmes & Engagement	948	148	1,096	1,010	149	**1,159**
Charitable activity	**12,929**	**2,469**	**15,398**	**14,594**	**2,482**	**17,076**
Fundraising	99	77	176	300	77	377
Trading	2,736	-	2,736	3,160	-	3,160
Total expenditure	**15,764**	**2,546**	**18,310**	**18,054**	**2,559**	**20,613**

(c) Support costs

Year to 31 August:	Total 2025 £'000	Restated Total 2024 £'000
Wales Millennium Centre premises	457	496
Finance & IT	1,076	1,063
Administration, HR	969	952
Governance costs	4	2
Defined Benefit Scheme pension costs	40	46
Support costs	**2,546**	**2,559**
Allocation of support costs to activities based on direct costs incurred:		
Opera	2,321	2,333
Programmes & Engagement	148	149
Fundraising	77	77
Support costs	**2,546**	**2,559**

The allocation of support costs to trading activity is factored into the transfer pricing arrangements, so no further allocation is required.

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Notes to the Financial Statements

3. Net Income and Expenditure (continued)

(d) Net incoming / (outgoing) resources is stated after charging:

Year to 31 August:	Total 2025 £'000	Restated Total 2024 £'000
Rentals under operating leases – land and buildings	194	184
Rentals under operating leases – equipment	32	14
Depreciation – owned assets	96	126
Auditor remuneration as statutory auditor	35	39
Other non-audit fees paid to the auditor	5	-

The previous auditor (Azets Audit Services) provides audit services to the Welsh National Opera Limited Pension Scheme, which has independent trustees to the charity paying audit fees of £5,450 in 2024. Audit fees for 2025 audit of the Pension Scheme have not been disclosed as Azet Audit Services are no longer the auditor of the Welsh National Opera Ltd charity.

(e) Net income for the parent Company

A separate statement of financial activities has not been included in respect of Welsh National Opera Limited. Included in the consolidated statement of funds are the following amounts in respect of Welsh National Opera Limited:

Year to 31 August:	Total 2025 £'000	Restated Total 2024 £'000
Total incoming resources	20,985	18,950
Net (deficit)/surplus for the year	**5,749**	**1,155**
Actuarial (loss)/gain on defined benefit scheme (see note 17)	(855)	(202)
(Deficit)/surplus including actuarial (loss)/gain in the pension scheme	**4,894**	**953**

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Notes to the Financial Statements

4. Employee Costs and Numbers

Group and Company

Employee costs during the year (including temporary staff) amounted to:

Year to 31 August:	Group 2025 £'000	Restated Group 2024 £'000	Charity 2025 £'000	Restated Charity 2024 £'000
Wages and salaries	7,323	8,269	7,323	8,269
Social security costs	843	879	843	879
Other pension costs	351	392	351	392
Pension deficit costs	40	46	40	46
Redundancy costs	436	77	436	77
Apprenticeship Levy	22	26	22	26
	9,015	**9,689**	**9,015**	**9,689**

Included in employee costs above are the costs of temporary and casual staff who were employed during the year paying total wages and salaries of £729,031 (2024 – £766,966).

Monthly average numbers of employees (including temporary and casual staff) by activity were:

Year to 31 August:	Group 2025 £'000	Restated Group 2024 £'000	Charity 2025 £'000	Restated Charity 2024 £'000
Opera	129	153	129	153
Programmes and Engagement	8	10	8	10
Support	15	18	15	18
Fundraising	5	8	5	8
Trading	25	26	25	26
Casual/Temp staff	50	47	50	47
	232	**262**	**232**	**262**

Average employee numbers are rounded up where the average works out as less than a whole number.

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Notes to the Financial Statements

4. Employee Costs and Numbers (continued)

The number of Group employees whose emoluments excluding pension contributions but including benefits in kind were in excess of £60,000 was:

Year to 31 August:	Group 2025 £'000	Restated Group 2024 £'000	Charity 2025 £'000	Restated Charity 2024 £'000
£60,000 - £69,999	5	1	5	1
£70,000 - £79,999	5	4	5	4
£80,000 - £89,999	1	1	1	1
£90,000 - £99,999	1	1	1	1
£100,000 - £109,999	-	1	-	1
£110,000 - £119,999	-	-	-	-
£120,000 - £129,999	-	-	-	-
£130,000 - £139,999	-	1	-	1

The above banding includes redundancies and settlement payments for senior staff who have left the organisation in the period.

Senior management pay

The senior management personnel of the Company and the Group are listed on page 2. The total remuneration (including pension contributions and freelance fees) in respect of the senior managers of the Company and Group for the year amounted to £734,669 (2024 - £889,974).

The remuneration and terms of employment of the General Directors are set by the Board and reviewed annually. Those of other senior managers are reviewed annually and subject to periodic comparison with similar roles.

Directors' emoluments

The directors received no remuneration for their roles as directors in the year (2024 - £nil) and accommodation and travel expenses were reimbursed to 2 directors during the year totalling £1,150 (2024 – 4 directors totalling £1,659). Tickets for performances are purchased at box office prices by the directors other than for a small number of complimentary tickets for official hosting and marketing purposes.

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Notes to the Financial Statements

5. Taxation on Ordinary Activities

Welsh National Opera Limited is a Company limited by guarantee and is a registered charity.

As a registered charity Welsh national Opera Limited is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only. The charity has two wholly owned subsidiaries:

i) Cardiff Theatrical Services Limited is, however, subject to tax. In the current year no corporation tax (2024 - £nil) was incurred by the subsidiary.

ii) WNO Productions Limited is also subject to tax and applied for Theatre Tax Relief and Orchestra Tax Relief on the major productions created in the year to 31 August 2025 amounting to £2,673k (2024 – restated value £3,041k).

6. Operating Lease Commitments

The Company and Group were committed to making the following future minimum lease payments in respect of operating leases:

Years to 31 August:	2025 £'000	Restated 2024 £'000
Property:		
Due, 1 year	224	218
Due 2-5 years	219	214
Due > 5 years	3,290	2,793
Total	**3,733**	**3,225**

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Notes to the Financial Statements

7. Fixed Assets

7a. Tangible fixed assets

Group and Company	Long Leasehold £'000	Motor Vehicles £'000	Equipment £'000	Total 2025 £'000
Cost:				
At 1 September 2024 (restated)	1,500	533	1,801	**3,834**
Additions	-	-	24	**24**
Disposals	-	(18)	-	**(18)**
At 31 August 2025	**1,500**	**515**	**1,825**	**3,840**
Depreciation:				
At 1 September 2024 (restated)	(270)	(359)	(1,709)	**(2,338)**
Charge for the year	(30)	(40)	(26)	**(96)**
Disposals	-	18	-	**18**
At 31 August 2025	**(300)**	**(381)**	**(1,735)**	**(2,416)**
Net book value:				
At 31 August 2024 (restated)	1,230	174	92	**1,496**
At 31 August 2025	**1,200**	**134**	**90**	**1,424**

The long leasehold premise is shown at adopted cost value, having been previously revalued upon transition to FRS 102.

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Notes to the Financial Statements

7. Fixed Assets (continued)

7b. Fixed asset investments

Brewin Dolphin Limited is the investment manager of the Company's long-term funds. The following investments were held and managed by Brewin Dolphin at the year-end:

Group and Company: At 31 August	Total 2025 £'000	Restated Total 2024 £'000
Corporate bonds and cash	1,316	703
Equities:		
- UK	986	1,668
- US	2,130	1,276
- Other equities	1,388	461
- Property	159	117
	5,979	**4,225**

The movements in investments held were as follows:

Year ended 31 August:	Total 2025 £'000	Restated Total 2024 £'000
Market value at the beginning of the year	**4,225**	**3,038**
Additions at cost	2,072	1,371
Disposals at carrying value	(847)	(705)
Net realised and unrealised (losses)/gains	529	521
Market value at the end of the year	**5,979**	**4,225**
Historical cost at the end of the year	**5,077**	**3,857**
Included within the above is cash held within the por	**21**	**34**

Investment additions this year include amounts donated from WNO Endowment Fund Charity upon closure of that charity.

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Other investments

The Company also held 100% of the share capital in its trading subsidiaries at the beginning and end of the year (see note 18 for details):

- Cardiff Theatrical Services Limited (historical cost £90), and
- WNO Productions Limited (historical cost £100).

8. Stocks

At 31 August	Group 2025 £'000	Restated Group 2024 £'000	Charity 2025 £'000	Restated Charity 2024 £'000
Raw materials	72	72	72	72
Total	**72**	**72**	**72**	**72**

Stocks comprise materials held in the workshops for use in building sets and scenery for sale to third-party customers.

9. Debtors

Amounts falling due within one year:

At 31 August	Group 2025 £'000	Restated Group 2024 £'001	Charity 2025 £'002	Restated Charity 2024 £'003
Trade debtors	725	888	110	164
Amounts owed by Group undertakings	-	-	285	567
Other debtors	428	1,032	3,508	1,202
Taxation	2,838	3,062	-	-
Prepayments and accrued income	506	724	506	724
	4,497	**5,706**	**4,409**	**2,657**

Amounts owed by Group undertakings comprise amounts due from Cardiff Theatrical Services Limited for normal monthly transactions.

10. Cash at Bank and In Hand

At 31 August	Group 2025 £'000	Restated Group 2024 £'000	Charity 2025 £'000	Restated Charity 2024 £'000
Cash at bank and in hand	3,990	1,879	3,690	1,614
Total	**3,990**	**1,879**	**3,690**	**1,614**

The Company has no borrowings or overdraft facilities.

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Notes to the Financial Statements

11. Creditors: Amounts Falling Due Within One Year

At 31 August	Group 2025 £'000	Restated Group 2024 £'000	Charity 2025 £'000	Restated Charity 2024 £'000
Trade creditors	84	174	84	174
Other creditors including taxation	395	332	391	457
Accruals	683	592	683	594
Deferred grant income	357	333	357	333
Other deferred income	390	431	6	5
	1,908	**1,862**	**1,521**	**1,563**

Other deferred income arises from co-productions, future productions and the work of Cardiff Theatrical Services Limited.

Analysis of movement in other deferred income

At 31 August	Group 2025 £'000	Restated Group 2024 £'000	Charity 2025 £'000	Restated Charity 2024 £'000
Brought forward	431	176	5	-
Released in year	(3,303)	(3,160)	-	-
Received in year	3,262	3,415	1	5
Carried forward	**390**	**431**	**6**	**5**

Analysis of movement in deferred grant income

At 31 August	Group 2025 £'000	Restated Group 2024 £'000	Charity 2025 £'000	Restated Charity 2024 £'000
Brought forward	333	388	333	383
Released in year	(9,943)	(10,832)	(9,943)	(10,827)
Received in year	9,967	10,777	9,967	10,777
Carried forward	**357**	**333**	**357**	**333**

12. Company Status

The Company is a registered charity constituted as a Company Limited by Guarantee and does not have share capital. The liability of each member is limited to £10, the maximum number of members being 20. The actual number of members at 31 August 2025 was 13 (2024 -18).

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Notes to the Financial Statements

13. Unrestricted Funds

At 31 August 2025:

Group	Restated Opening balance 2025 £'000	Incoming resources 2025 £'000	Resources expended 2025 £'000	Gains / (Losses) 2025 £'000	Transfers 2025 £'000	Closing balance 2025 £'000
Designated Fixed Asset Reserve	-	-	-	-	1,425	**1,425**
Transformation reserve	1,488	-	-	-	1,050	**2,538**
Pension reserve	3,984	197	-	(855)	-	**3,326**
Revaluation reserve	868	-	-	-	(868)	**-**
Income and expenditure	3,209	16,785	(16,245)	13	(762)	**3,000**
Total Group funds	**9,549**	**16,982**	**(16,245)**	**(843)**	**845**	**10,289**

Company	Restated Opening balance 2025 £'000	Incoming resources 2025 £'000	Resources expended 2025 £'000	Gains / (Losses) 2025 £'000	Transfers 2025 £'000	Closing balance 2025 £'000
Designated Fixed Asset Reserve	-	-	-	-	1,425	**1,425**
Transformation reserve	1,488	-	-	-	1,050	**2,538**
Pension reserve	3,984	197	-	(855)	-	**3,326**
Revaluation reserve	868	-	-	-	(868)	**-**
Income and expenditure	194	20,152	(16,598)	13	(762)	**2,998**
Total Company funds	**6,534**	**20,349**	**(16,598)**	**(843)**	**845**	**10,287**

The Group and Charity designate funds where they either have funds tied up in the pensions fund, fixed assets or future projects.

The 'Transformation Reserve' is a designated fund established to support the organisation's transition to a new operational structure over the next 2 years. It will be used to finance key activities essential for this transformation, including investing in new technologies and processes, staff training and development, infrastructure changes, and professional services directly related to the transformation. The fund has been allocated from unrestricted funds and is monitored regularly to ensure expenditure aligns with the strategic objectives of the transformation plan. The transfer in of funds this year represents the latest budgeted allocation of costs towards transformation by the Directors.

The 'Designated Fixed Asset' reserve is set aside to highlight the funds already tied up in fixed assets, which cannot be spent again. This fund now incorporates the former 'Revaluation' reserve, by virtue of the Fixed Asset balance including the revalued cost of the property on transition to FRS102 in 2015.

The Pension reserve represents funds held in the Pension asset on the balance sheet, which are not immediately accessible by the Charity.

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Notes to the Financial Statements

13. Unrestricted Funds (continued)

At 31 August 2024 (restated):

Group	Opening balance 2024 £'000	Restated Incoming resources 2024 £'000	Restated Resources expended 2024 £'000	Restated Gains / (Losses) 2024 £'000	Restated Transfers 2024 £'000	Restated Closing balance 2024 £'000
Restructuring reserve	237	-	-	-	(237)	-
Production reserve	2,002	-	-	-	(2,002)	-
Transformation reserve	-	-	(751)	-	2,239	**1,488**
Pension reserve	4,186	-	-	(202)	-	**3,984**
Revaluation reserve	868	-	-	-	-	**868**
Income and expenditure	2,803	21,798	(21,321)	-	(71)	**3,209**
Total Group funds	**10,096**	**21,798**	**(22,072)**	**(202)**	**(71)**	**9,549**

Company	Opening balance 2024 £'000	Restated Incoming resources 2024 £'000	Restated Resources expended 2024 £'000	Restated Gains / (Losses) 2024 £'000	Restated Transfers 2024 £'000	Restated Closing balance 2024 £'000
Restructuring reserve	237	-	-	-	(237)	-
Production reserve	2,002	-	-	-	(2,002)	-
Transformation reserve	-	-	(751)	-	2,239	**1,488**
Pension reserve	4,186	-	-	(202)	-	**3,984**
Revaluation reserve	868	-	-	-	-	**868**
Income and expenditure	16	15,556	(15,307)	-	(71)	**194**
Total Company funds	**7,309**	**15,556**	**(16,058)**	**(202)**	**(71)**	**6,534**

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Notes to the Financial Statements

14. Restricted Funds

At 31 August 2025:

Group & Company	Restated Opening balance 2025 £'000	Incoming resources 2025 £'000	Resources expended 2025 £'000	Gains / (Losses) 2025 £'000	Transfers 2025 £'000	Closing balance 2025 £'000
Seligman Trust	45	1	-	4	(1)	**49**
Colwinston Charitable Trust	180	-	(180)	-	-	**-**
Other Individual Donors	-	286	(84)	-	-	**202**
Bloomburg Trust	-	125	(50)	-	-	**75**
Arts Council Transition Fund	751	1,836	(1,751)	-	-	**836**
Major Individual Donors	2,077	255	-	121	(721)	**1,732**
Total Restricted funds	**3,053**	**2,503**	**(2,065)**	**125**	**(722)**	**2,894**

At 31 August 2024 (restated):

Group & Company	Opening balance 2024 £'000	Restated Incoming resources 2024 £'000	Restated Resources expended 2024 £'000	Restated Gains / (Losses) 2024 £'000	Restated Transfers 2024 £'000	Restated Closing balance 2024 £'000
Seligman Trust	76	-	-	-	(31)	**45**
Colwinston Charitable Trust	-	180	-	-	-	**180**
Major Individual Donors	383	1,668	(512)	-	538	**2,077**
Arts Council Transition Fund	-	1,944	(1,193)	-	-	**751**
Total Restricted funds	**459**	**3,792**	**(1,705)**	**-**	**507**	**3,053**

Restricted funds are held for use under the conditions set out by the donors, such as for specific productions or to support types of musical or community activity.

The Charity and Group have taken the option to 'group' together the donations from Major Individual Donors and other fund balances as they see fit. They have made this election to allow for key donors to remain anonymous in their giving.

Transfers out of restricted funds are only made where allowed restrictions have been met and transfers are allowed.

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Notes to the Financial Statements

15. Endowment Funds

At 31 August 2025:

Group & Company	Restated Opening balance	Incoming resources	Resources expended	Reval-uation	Transfers	Closing balance
	2025	2025	2025	2025	2025	2025
	£'000	£'000	£'000	£'000	£'000	£'000
Major Individual Donors	2,898	1,194	-	229	(123)	**4,198**
Total Endowment funds	**2,898**	**1,194**	**-**	**229**	**(123)**	**4,198**

At 31 August 2024 (restated)

Group & Company	Opening balance	Restated Incoming resources	Restated Resources expended	Restated Reval-uation	Restated Transfers	Restated Closing balance
	2024	2024	2024	2024	2024	2023
	£'000	£'000	£'000	£'000	£'000	£'000
Major Individual Donors	3,693	81	(578)	-	(298)	**2,898**
Total Endowment funds	**3,693**	**81**	**(578)**	**-**	**(298)**	**2,898**

The Charity and Group have taken the option to 'group' together the donations from Major Individual Donors and other fund balances as they see fit. They have made this election to allow for key donors to remain anonymous in their giving. The Endowment fund balance include funds as follows:

- A permanent endowment created under the terms of a legacy and managed by adefined group of trustees for the objects set out in the gift: the training and development of tenors of Welsh origin.
- An expendable endowment fund held for the benefit of the people of Wales who are disabled, elderly, or in prison.
- A permanent endowment held for the granting of an annual award for the career development of a young artist
- A fund where income earned each financial year is to be used for the promotion of WNO Youth Opera, subject to the condition that an annual concert with tickets on sale to the general public being performed by the members of WNO Youth Opera to be called 'The Seligman Concert'.
- A fund to provide Bursaries to support the professional development of young singers.
- Endowment Funds included as income in 2025 are funds donated to the Charity as part of the closure of the Welsh National Opera Endowment Charity. The Funds have been donated with the same restrictions and expectations of use as when provided to the original charity.

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Notes to the Financial Statements

16. Split of Net Assets between Funds

At 31 August 2025:

Group	Unrestricted funds 2025 £'000	Restricted funds 2025 £'000	Endowment funds 2025 £'000	Total funds 2025 £'000
Tangible fixed assets	1,425	-	-	**1,425**
Fixed asset investments	-	1,781	4,198	**5,979**
Net current assets	5,538	1,113	-	**6,651**
Pension reserve	3,326	-	-	**3,326**
Net assets	**10,289**	**2,894**	**4,198**	**17,381**

Company	Unrestricted funds 2025 £'000	Restricted funds 2025 £'000	Endowment funds 2025 £'000	Total funds 2025 £'000
Tangible fixed assets	1,425	-	-	**1,425**
Fixed asset investments	-	1,781	4,198	**5,979**
Net current assets	5,536	1,113	-	**6,649**
Pension reserve	3,326	-	-	**3,326**
Net assets	**10,287**	**2,894**	**4,198**	**17,379**

At 31 August 2024 (restated):

Group	Unrestricted funds 2024 £'000	Restricted funds 2024 £'000	Endowment funds 2024 £'000	Restated Total funds 2024 £'000
Tangible fixed assets	1,496	-	-	**1,496**
Fixed asset investments	-	1,327	2,898	**4,225**
Net current assets	4,069	1,726	-	**5,795**
Pension reserve	3,984	-	-	**3,984**
Net assets	**9,549**	**3,053**	**2,898**	**15,500**

Company	Unrestricted funds 2024 £'000	Restricted funds 2024 £'000	Endowment funds 2024 £'000	Restated Total funds 2024 £'000
Tangible fixed assets	1,496	-	-	**1,496**
Fixed asset investments	-	1,327	2,898	**4,225**
Net current assets	1,054	1,726	-	**2,780**
Pension reserve	3,984	-	-	**3,984**
Net assets	**6,534**	**3,053**	**2,898**	**12,485**

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Notes to the Financial Statements

17. Pension Schemes

The disclosures below have been prepared for Welsh National Opera Limited (the "Company") in relation to benefits payable from the Welsh National Opera Limited Pension Scheme (the "Scheme").

There were no Company contributions to the Scheme for the year ended 31 August 2025, and Company contributions for the year ending 31 August 2026 are expected to be nil.

The valuation used for FRS 102 disclosures has been based on a full assessment of the liabilities of the Scheme as at to 31 August 2025. The present values of the defined benefit obligation were measured using the projected unit credit method.

The principal assumptions used to calculate the liabilities under FRS 102 are set out below:

	Assumptions		
	31-Aug-25	31-Aug-24	31-Aug-23
	% p.a.	% p.a.	% p.a.
RPI Inflation	3	3.1	3.25
CPI Inflation	2.7	2.7	2.8
Pension increases (Pre April 1997 in excess of GMP)	3	3	3
Pension increases (April 1997 – April 2005)	2.65	2.65	2.75
Pension increases (Post April 2005)	1.85	1.85	2
Discount rate for Scheme liabilities	5.85	4.95	5.4
Longevity for member currently aged 65:			
- Male	21.4	21	21.2
- Female	23.7	23.6	23.7
Longevity for member reaching 65 in 20 years:			
- Male	0	21.9	22.2
- Female	0	24.7	24.8

The Fair Value of the Pension Scheme Assets are categorised as follows:

	Fair value of assets		
	31-Aug-25	31-Aug-24	31-Aug-23
	£'000	£'000	£'000
Equities	-	-	7,427
Over 15y Gilts Index	455	511	-
Index-linked gilts	3,547	4,397	5,921
Corporate bonds	-	-	1,498
Buy & Maintain Credit	9,917	10,006	-
Other	179	134	85
Total	**14,098**	**15,048**	**14,931**

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Notes to the Financial Statements

17. Pension Schemes (continued)

Reconciliation of funded status to balance sheet:

	Value at 31-Aug-25 £'000	Value at 31-Aug-24 £'001
Opening Pension Asset	3,984	4,186
Pension expense cost/(credit)	197	226
Company contributions	-	-
Loss/(gain) to Other Comprehensive Income (OCI)	(855)	(428)
Closing Pension Asset	**3,326**	**3,984**

	Value at 31-Aug-25 £'000	Value at 31-Aug-24 £'000
Fair value of Scheme assets	14,098	15,048
Present value of funded defined benefit obligations	(10,772)	(11,064)
(Deficit)/surplus	**3,326**	**3,984**
(Liability)/asset recognised on the statement of financial pos	**3,326**	**3,984**

Reconciliation of impact on the Statement of Financial Activities:

	Value at 31-Aug-25 £'000	Value at 31-Aug-24 £'000
Administration expenses	-	-
Net interest cost	(197)	(226)
Expense/(income) recognised in profit and loss	**(197)**	**(226)**

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Notes to the Financial Statements

17. Pension Schemes (continued)

Changes to present value of the defined benefit obligation:

Changes to present value of the defined benefit obligation	Value at 31-Aug-25 £'000	Value at 31-Aug-24 £'000
Opening defined benefit obligations	11,064	10,745
Administration expenses	-	-
Interest cost	538	564
Remeasurement (gains)/losses:		
- Actuarial (gain)/losses on Scheme liabilities in respect of assumptions	(1,178)	521
- Actuarial (gain)/losses on Scheme liabilities in respect of experience	674	(91)
- From change in demographic assumptions	71	(55)
Net benefit paid out	(397)	(620)
Past service cost	-	-
Closing defined benefit obligation	**10,772**	**11,064**

Changes to the fair value of Scheme assets

Changes to the fair value of Scheme assets	Value at 31-Aug-25 £'000	Value at 31-Aug-24 £'000
Opening fair value of Scheme assets	15,048	14,931
Interest income on Scheme assets	735	790
Actuarial gains/(losses):		
- Return on Scheme assets less interest income	(1,288)	(53)
Contributions by the Company	-	-
Net benefits paid out	(397)	(620)
Closing fair value of Scheme assets	**14,098**	**15,048**

Analysis of amounts recognised in the Statement of financial activities:

Analysis of amounts recognised in the Statement of financial activities	Value at 31-Aug-25 £'000	Value at 31-Aug-24 £'000
Return on Scheme assets less interest income	1,288	53
(Losses)/gains on financial assumptions	(1,178)	521
(Losses)/gains on demographic assumptions	71	(55)
Experience Gains on Scheme liabilities	674	(91)
Total loss/(gain)	**855**	**428**

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Notes to the Financial Statements

17. Pension Schemes (continued)

Actual return on Scheme assets

Actual return on Scheme assets	Value at 31-Aug-25 £'000	Value at 31-Aug-24 £'000
Interest income on Scheme assets	735	790
Return on Scheme assets less interest income	(1,288)	(53)
Total return on Scheme assets	**(553)**	**737**

18. Additional Information on Subsidiaries

Welsh National Opera Limited has two subsidiaries:

Cardiff Theatrical Services Limited - company registration 01705868 which is incorporated in the UK.

Registered office - Ellen Street, Cardiff, CF10 4TT

Acquired by Welsh National Opera Limited for £nil on 1 April 1989, the share capital of Cardiff Theatrical Services Limited comprises 90 ordinary shares of £1 which are all wholly owned by Welsh National Opera Limited.

The purpose of Cardiff Theatrical Services Limited is to act as the trading arm of Welsh National Opera Limited, primarily undertaking sales of theatrical sets, costumes and properties and transportation for Welsh National Opera Limited and external parties. Theatrical sets are produced within a production division of Welsh National Opera Limited and charged to Cardiff Theatrical Services Limited at full cost.

The trading results of the subsidiary were as follows:

Year to 31 August	2025 £'000	2024 £'000
Turnover	3,303	3,414
Cost of sales	(3,040)	(3,141)
Gross profit	263	273
Administrative expenses	(22)	(19)
Operating profit	241	254
Profit before taxation	241	254
Taxation	-	-
Profit for the financial year	**241**	**254**

The aggregate of the assets, liabilities and funds was:

At 31 August	2025 £'000	2024 £'000
Fixed Assets	-	-
Current Assets	914	1,114
Current Liabilities	(914)	(1,113)
Long term liabilities	-	-
Shareholder funds	**0**	**1**

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Notes to the Financial Statements

18. Additional Information on Subsidiaries (continued)

Included within turnover and cost of sales is inter-company trade

Year to 31 August	2025	2024
	£'000	£'000
Sales	325	135
Purchases	3,062	3,160
Gift aid donation	241	223
Amounts outstanding at year end	**526**	**519**

Statement of Changes in Equity

At 31 August	Share Capital	Retained Earnings	Total
	£'000	£'000	£'000
At 01 Sept 2023	-	(30)	(30)
Total Comprehensive Income	-	254	254
Gift Aid distribution to parent company	-	(223)	(223)
At 31 August 2024	-	1	1
Total Comprehensive Income	-	241	241
Gift Aid distribution to parent company	-	(241)	(241)
At 31 August 2025	**-**	**1**	**1**

Docusign Envelope ID: 0E83F05B-D0EE-4F83-93C4-7488AC043675

Notes to the Financial Statements

18.Additional Information on Subsidiaries (continued)

WNO Productions Limited – company registration 09247950 which is incorporated in the UK.

Registered office – Wales Millennium Centre, Bute Place, Cardiff CF10 5AL

Formed by Welsh National Opera Limited on 3 October 2014, the share capital of WNO Productions Limited comprises 100 ordinary shares of £1 which are all wholly owned by Welsh National Opera Limited.

The purpose of WNO Productions Limited is to create and prepare theatrical productions for the Welsh National Opera Group of companies.

The trading results of the subsidiary were as follows:

		Restated
Year to 31 August	**2025**	**2024**
	£'000	**£'000**
Turnover	10,888	11,543
Cost of sales	(10,865)	(11,520)
Gross profit	23	23
Administrative expenses	(23)	(23)
Operating profit/(loss)	-	-
Gift Aid to parent company	-	-
Profit before taxation	-	-
Theatre tax relief on productions	2,673	3,040
Profit for the financial year	**2,673**	**3,040**
Gift Aid distribution to parent company	**(5,713)**	**(2,782)**
Change in retained Earnings	**(3,040)**	**258**

The aggregate of the assets, liabilities and funds was:

		Restated
At 31 August	**2025**	**2024**
	£'000	**£'000**
Fixed Assets	-	-
Current Assets	2,838	3,063
Current Liabilities	(2,838)	(23)
Long term liabilities	-	-
Shareholder funds	**-**	**3,040**

Docusign Envelope ID: 0E83F05B-D0EE-4F83-93C4-7488AC043675

Notes to the Financial Statements

18. Additional Information on Subsidiaries (continued)

Included within turnover and cost of sales is inter-company trade

Year to 31 August	2025	Restated 2024
	£'000	£'000
Sales	10,888	11,543
Purchases	(10,888)	(11,543)
Gift aid donation (includes 2 years' worth of donations due to change of policy)	5,714	2,780
Amounts outstanding at year end	**2,838**	**23**

Statement of Changes in Equity

At 31 August	Share Capital	Retained Earnings	Total
	£'000	£'000	£'000
At 01 Sept 2023	-	2,782	2,782
Total Comprehensive Income (restated)	-	3,040	3,040
Gift Aid distribution to parent company	-	(2,782)	(2,782)
At 31 August 2024 (restated)	-	3,040	3,040
Total Comprehensive Income	-	2,673	2,673
Gift Aid distribution to parent company	-	(5,713)	(5,713)
At 31 August 2025	-	-	-

Docusign Envelope ID: 0E83F05B-D0EE-4F83-93C4-7488AC043675

Notes to the Financial Statements

19. Related Parties

Welsh National Opera Limited has connections to the following independently registered charities:

Welsh National Opera Benevolent Trust (charity 1085756).

Transactions with this charity are trivial.

Welsh National Opera Endowment Fund (charity 1146595).

This charity was closed during our period, the net assets and all funds were donated to the Welsh National Opera Ltd. The total value of these assets totalled £1,071k and is included in donations within this years' figures.

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Notes to the Financial Statements

20.Prior Year Adjustments

During the period it was identified that several items held within the comparatives to the figures were materially misstated, as a result the Directors have opted to correct for these misstatements via a prior year adjustment. The impact of these adjustments are noted in detail below:

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds £'000
Reported 31/08/2024 funds position reported in FY24 financial statements	**10,135**	**1,505**	**2,898**	**14,538**
Correction of timing misstatement on Restricted donation	-	797	-	**797**
Correction of carried forward funds balance on Arts Council Transition funding	(751)	751	-	**-**
Correction of WNO Productions Ltd debtor balance for Theatre Tax Refund	165	-	-	**165**
Restated 31/08/2024 funds position reported in FY25 financial statements	**9,549**	**3,053**	**2,898**	**15,500**

Company	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds £'000
Reported 31/08/2024 funds position reported in FY24 financial statements	**7,285**	**1,505**	**2,898**	**11,688**
Correction of timing misstatement on Restricted donation	-	797	-	**797**
Correction of carried forward funds balance on Arts Council Transition funding	(751)	751	-	**-**
Correction of WNO Productions Ltd debtor balance for Theatre Tax Refund	-	-	-	**-**
Restated 31/08/2024 funds position reported in FY25 financial statements	**6,534**	**3,053**	**2,898**	**12,485**

The £797k restatement relates to a donation the Charity was aware of prior to 31/08/2024 but was not previously recognised in the FY24 financial statements. A prior year adjustment has been completed to increase the FY24 comparative figures for debtors and donation income in this set of financial statements.

The £751k restatement relates to the incorrect reporting of the closing position on the Arts Council Transition restricted funds. A prior year adjustment has been completed to reallocate the correct expenditure between unrestricted and restricted funds.

The £165k restatement relates to the incorrect calculation of the theatre tax relief claim and orchestra tax relief claim within the WNO Productions Ltd subsidiary financial statements. A prior year adjustment has been completed to increase the FY24 comparative figures for debtors and tax refund value in this set of financial statements.

Docusign Envelope ID: 0E83F05B-D0EE-4F83-93C4-7488AC043675

Consolidated Statement of Financial Activities 2024 (restated)

Incorporating the income and expenditure account for the year ended 31 August 2024 (restated)

Years to 31 August:	Restated Unrestricted funds £'000	Restated Restricted funds £'000	Restated Endowment funds £'000	Restated Total 2024 £'000	Total 2023 £'000
Income and endowments from:					
Charitable activities	2,247	-	-	2,247	2,728
Donations	1,078	1,848	27	2,953	1,466
Legacies	88	-	-	88	1,511
General grants	8,352	1,944	-	10,296	10,033
Trading income	3,414	-	-	3,414	2,349
Investment income	68	-	54	122	79
Total income	**15,247**	**3,792**	**81**	**19,120**	**18,166**
Expenditure on:					
Charitable activities	14,793	1,705	578	17,076	17,962
Raising funds	377	-	-	377	344
Trading expenditure	3,160	-	-	3,160	2,418
Total expenditure	**18,330**	**1,705**	**578**	**20,613**	**20,724**
Other recognised gains and losses					
Net (losses)/gains on investments	132	-	-	132	(77)
Net income/(expenditure) before tax	**(2,951)**	**2,087**	**(497)**	**(1,361)**	**(2,635)**
Taxation	3,041	-	-	3,041	2,814
Net income/(expenditure) for the year	**90**	**2,087**	**(497)**	**1,680**	**179**
Transfers					
Transfer from Endowment fund	298	-	(298)	-	-
Transfer from Restricted fund	(507)	507	-	-	-
Other gains/losses					
Actuarial (losses)/gains in the defined benefit pension scheme	(428)	-	-	(428)	1,374
Net movement in funds	**(547)**	**2,594**	**(795)**	**1,252**	**1,553**
Fund balance brought forward	10,096	459	3,693	14,248	12,695
Fund balance carried forward (restated)	**9,549**	**3,053**	**2,898**	**15,500**	**14,248**

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

WELSH NATIONAL OPERA LIMITED

England & Wales - Charity number 221538

Accounts

WELSH
NATIONAL
OPERA
CENEDLAETHOL
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Annual Report and Financial Statements

Year ended 31 August 2024

Welsh National Opera Limited

(Company limited by guarantee without share capital)

Company Number: 00454297 (England and Wales)

Charity Number: 221538

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Introduction

The trustees are pleased to present their annual directors' report which incorporates the strategic report, together with the financial statements of the activity for the year ending 31 August 2024, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2019)".

Charitable Objectives

WNO's charitable objects are 'to promote and assist in the advancement of education so far as such promotion and assistance shall be of a charitable nature and in particular, so far as of a charitable nature, to procure and increase the appreciation and understanding of the dramatic art in all its forms in Wales and elsewhere.' These words are taken from WNO's Memorandum of Association.

Vision

We bring together people from all walks of life to create and experience extraordinary opera, to enhance lives, strengthen communities and enrich all the places in which we focus our work.

The Strategic Plan 2023-27 supports the transformation of Welsh National Opera to ensure the Company retains its national and international status, utilising a network of local hubs that are designed to build close bonds between the Company and its respective communities. Its programming will be a blend of performances and participatory projects, with a special emphasis on co-created work. The overarching goal is to always make the work relevant, finding connections between the work itself and the lived experiences of the audience.

Values

We are:

Inclusive – We have a workplace culture where all people are respected and valued.

Collaborative – We work as a team to achieve common goals.

Dynamic - We challenge ourselves creatively and encourage new ideas.

Generous - Our people use their talent, knowledge, and skills with a generosity of spirit.

Responsible - We act with integrity and accountability.

Chair's Statement

As we continue work to transform our Company, I am proud to see WNO continuing to produce work at an outstanding level. *Death In Venice* received the Sky Arts Award (Opera) and UK Theatre Award for achievement in Opera and was nominated for the International Opera Awards (New Production). WNO also received the Iris Prize (Community Award) for its film of *La Mamma Morta*, released to mark World AIDS Day 2023 and created in partnership with Fast Track Cardiff & Vale with the aim of tackling societal stigma around HIV.

The 2023/2024 Season saw WNO take its first steps in transforming itself into a Company which can operate within the reduced funding. Sadly, redundancies were made within the non-performing side of the Company, and the Orchestra and Chorus entered Union negotiations alongside reductions in numbers. It is testament to the spirit of the Company that despite the uncertainty around them, they were able to present art of the very highest quality.

Our financial modelling will continue into 2024-2025 looking ahead to future years to ensure the company can continue to operate as a full-time company within the funding restraints that we face.

The opening production of the Autumn Season was Golijov's *Ainadamar*, in a co-production with Opera Ventures, Scottish Opera, The Metropolitan Opera, Detroit Opera and LA Opera. Following his success conducting our new commission *Migrations* the previous season, we welcomed back Matthew Kofi Waldren to lead our musical forces, and he was joined by the internationally acclaimed choreographer Deborah Colker who directed the work. The fusion of dance, flamenco and guitar blended superbly with our Company forces and introduced new audiences to our work. Alongside Ainadamar, we welcomed Alexander Joel back to conduct Verdi's ever-popular *La traviata*, which saw Australian-Mauritian soprano Stacey Allume make her UK operatic debut in the role of the tragic heroine.

The Spring Season opened strongly with a new production of Mozart's *Così fan tutte*, directed by Max Hoehn and conducted by our Music Director Tomáš Hanus. This production had begun life as a small-scale piece but the hiatus that Covid provided offered us the opportunity to increase the scope of the work. It also allowed us to book an exciting cast featuring WNO favourites Rebecca Evans and Sophie Bevan, and we hosted the role debut of James Atkinson and role and house debuts of Kayleigh Decker and Egor Zhuravskii. The stand-out production of the Season though had to be Britten's *Death in Venice*. A true Company project, it highlighted the excellence of the Orchestra, ably led by Leo Hussain in his WNO debut; the WNO Chorus in their many step-out roles; and the superb technical team who worked beautifully with the requirements of NoFit State Circus to produce an elegant, fresh and exciting take on this complicated work of Britten's. The collaboration between Director Olivia Fuchs, Designer Nicola Turner and Circus Designer Firenza Guidi was seamless and allowed Mark Le Brocq to make an electrifying role debut as Aschenbach. WNO debuts came from Roderick Williams and Alexander Chance, as well as from the circus performers Anthony Cesar, Diana Salles, Vilhelmiina Sinervo, Selma Hellmann and Riccardo Saggese.

The WNO Orchestra continues to bolster its world-class reputation, and despite the ongoing closure of St David's Hall, delivered an ambitious and wide-ranging programme of work across Wales and England. A sold-out performance of Brahms, Strauss and Tchaikovsky at BBC Hoddinott Hall (conducted by Tomáš Hanus and with soprano Chen Reiss) opened the Autumn, quickly followed by our New Year's Celebration concerts directed by David Adams and featuring WNO Associate Artists Beca Davies and Emily Loftus, delighting audiences as far afield as Bangor in Gwynedd and Truro in Cornwall.

Showing its exceptional versatility, the whole Company came together under the baton of our Music Director on the stage of the Wales Millennium Centre, presenting a thrilling programme of Mozart's Requiem, Faure's *Cantique de Jean Racine* and Schumann Symphony No 4. The summer saw the Orchestra take to the road across the UK once more, again conducted by Tomáš Hanus, and featuring members of the Orchestra as soloists – Thomas Verity in Mozart's Clarinet Concerto and David Adams in Beethoven's Violin Concerto. Developing the next generation of operatic and orchestral talent was at the forefront of the Orchestra's programme throughout 2023 and 2024, with side-by-side projects with the Royal Welsh College of Music & Drama (RWCMD), Trinity Laban, the Royal Birmingham Conservatoire and Cardiff County and Vale of Glamorgan Youth Orchestra. The dynamic relationship with the RWCMD was particularly exciting, with the academic year culminating in a performance of

works by female composers featuring a composite orchestra of both RWCMD and WNO as part of the programme for the first time.

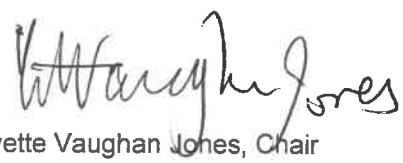
The mainstage programme ended with a production of Puccini's *Il trittico*, which was a co-production with Scottish Opera. *Il trittico* was a hugely ambitious and challenging technical undertaking. WNO's Conductor Laureate Carlo Rizzi returned to conduct this rarely performed gem, bringing his expertise in the works of Puccini with him leading to four electrifying performances in Cardiff. Rebecca Evans, Alexia Voulgaridou, Leonardo Caimi, Roland Wood and Haegee Lee all returned to WNO, joined by newcomers Tichina Vaughn, Oleksiy Palchykov and Sioned Gwen Davies.

There is, of course, much more to WNO's work than large scale opera productions and concerts. Our Programmes & Engagement team has expanded and deepened its partnership with the NHS across Wales, by working with all seven NHS Trusts through our breathing and lung health referral programme, Wellness with WNO, which is generously supported by an Arts Council Wales lottery grant, NHS Wales, and Welsh Government. Initially created for people living with Long COVID, the programme shares techniques and strategies used by professional opera singers to support breath control, lung function, circulation and posture. Wellness with WNO is Wales's first national socially prescribed programme, and since its inception in November 2021 over 360 participants have taken part in the six-week programme, with 94% of participants reporting that the breathing techniques were effective or highly effective. The programme has been so successful that it has expanded as a rehabilitation service for other health conditions including myalgic encephalomyelitis / chronic fatigue syndrome (ME/CFS) and, in the last year through a new partnership with Persistent Pain Wales, we have also begun a pilot programme funded by Welsh Government and in partnership with NHS Wales to support people with long term chronic pain.

Alongside this, we have seen the renewal this year of our investment from Swansea Bay University Health Board in our programme to support young people in secondary schools who are experiencing anxiety and low confidence; we have a developing partnership with Velindre Cancer Centre around breathlessness; and we are in the early stages of producing a pilot programme for individuals in Supportive Care. Through our regular sessions in the geriatric rehabilitation wards of three hospitals in Wales, we continue to bring live opera to those who can no longer access the theatre, and we are hoping to develop a similar partnership in England through our work in the Southwest, where we are in the initial stages of a collaborative project with Theatre Royal Plymouth working with Veterans through music, composition and song to improve wellbeing and mental health.

Also gathering momentum is WNO Youth Opera, now involving over 60 young singers aged between 10-18 working towards their annual performance, which this year took the shape of Cary John Franklin's *The Very Last Green Thing,* with a timely climate justice message around preserving the planet for future generations. We also launched our *Cwta | In Short* operas designed for young people from 11-16 years with a well-attended tour to venues in Wales and England.

Whilst the future continues to contain challenges, we are extremely proud of the quality and breadth of the work that we have offered this year, and the number of people we have reached. That work would not be possible without the continued support of our key stakeholders, and we are incredibly grateful to both the Arts Council of Wales and Arts Council England, together with the substantial number of trusts, foundations and private individuals who support our work. We look forward to our new co-CEOs/General Directors joining us in January 2025 and to continuing to transform WNO into a lithe and responsive Company, who can galvanise public investment for our audiences' and the benefit of participants.



Yvette Vaughan Jones, Chair

Dated: 12th February 2025

Strategic Report

Business Performance

The Company started the year with a strong balance sheet and raised income including TTR tax relief of £21.1m during the year, this was an increase of 1.03% on the previous financial year. 48% of this income was from the Arts Councils, 16% trading income, 11% Charitable activities and 11% Donations, 14% from other activities and TTR tax relief. The year concluded with a strong financial position, ensuring the availability of funds necessary to support the Company's transition over the next three years.

The 2023/2024 programme featured five operatic titles. The Autumn Season consisted of *La traviata* and *Ainadamar* as well as an *Opera Favorites* concert. During Spring 2024 we toured *Così fan tutte*, *Death in Venice* and *Play Opera LIVE*, with a short Summer Season in Cardiff of *Il trittico*. We continued to see a slow and steady recovery, despite fewer performances and external factors such as the cost-of-living crisis. Over the year we performed main scale opera to 50,288 people and exceeded our financial target (106%).

Geographic Reach

During the year, our Programme and Engagement activity continued with a focus across Wales, whilst developing our connections across Southwest England, working around our touring areas in Plymouth and Southampton, with developing links in Bristol and Gloucestershire.

Our Programme and Engagement work continues to be intergenerational in its reach. We work with early years through to those in retirement, supporting greater access to those who are often excluded from mainstream society by developing the accessibility of our mainscale work. This includes those with protected characteristics, those from low-income backgrounds and d/Deaf, neurodivergent and disabled people who can access our shows and know that we are a disability confident touring company. One notable example of this has been the expansion of our *Cradle Choirs* which have developed from our partnership with the Torch Theatr in Milford Haven to running growing choirs in Llanelli and Llandeilo. *Cradle Choir* is rooted around care and compassion, celebrating the 'possible' and enabling a broader understanding of Dementia, which in turn will help build more tolerant and caring communities to allow those living with the disease to remain connected and live as fully and creatively as possible, for as long as possible. This year we worked with children from Johnston Community Primary, Neyland Community School, Pembroke Dock community Scholl and members from other local Dementia Friendly activity groups and the Tenby Memory Café, alongside residents of Torestin Care Home and Williamston Nursing Home.

During 2023-2024 we also enjoyed a fruitful partnership with the University of Southampton through their new department of Music and Social Justice and through an ongoing collaboration with the Clear Project, a Centre for Education and Action for refugees and asylum seekers. The University were keen to involve students and work towards a partnership whereby our programme could form a part of students' formal learning/study and practice development.

WNO also ran its first year of a new initiative called *The Discovery Programme*, designed as a participatory project directly linked to WNO's new *Cwta | In Short* productions. These offer a programme of more accessible opera performances coupled with opportunities for young people to explore an opera through workshop activity and the creation of their own operatic work.

Programme and Community Engagement Activity in Southwest of England			
Cost per year	Cost per person reached	Number of People Reached	Number of Sessions
£481, 000	£20	23,950	38,140

Programme and Community Engagement Activity in Wales			
Cost per year	Cost per person reached	Number of People Reached	Number of Sessions
£168,000	£10	15,281	11,472

In Wales over the last four YEARS, we reached 395,000 people at an average cost of £12 per head.

Wellness with WNO has continued to grow and is now supporting a wide range of health issues through our continued partnership with all seven NHS Trusts across Wales, supporting us to deliver our Long Covid programme and other chronic health conditions including persistent pain and traumatic stress. WNO hopes to include further partnerships in the future, to support as many people as possible to access the programme. Our NHS partners are promoting the work to high levels of interest across the medical world and have presented the programme to the Traumatic Stress Wales Network, British Psychological Society and various health services and international delegations. It was also shared at the launch of Welsh Government's national framework for social prescribing all of which WNO's Programme and Engagement team presented at. Plans are currently underway to expand referrals to other long-term conditions, including fibromyalgia. This is in line with Welsh Government's development and expansion of the Adferiad (Recovery) programme for Welsh health boards to include long-term conditions whose symptoms and rehabilitation are similar.

Equally encouraging is the ongoing interest and development in our HIV awareness programme. The programme has started to gain interest in the Southwest of England using music, song and composition and has seen us partner with young people in Wales and England and Fast Track Cardiff and CHIVA. The year has also seen the continuation of our programme working with Swansea Bay University Health Board Physiotherapy where – based on the success of the last two years' delivery - we have recently been awarded a third year of funding for our social prescribing programme that supports young people in secondary schools who are experiencing anxiety and low confidence.

Also, as part of our Wellness programme we have been continuing to develop a new partnership programme with Velindre Cancer Centre around breathlessness, and we are in the early stages of producing a pilot programme for individuals in Supportive Care. In the same way we have continued to bring live opera to people who can no longer access or take part in the arts through our regular sessions at the University Hospital of Wales, St David's Hospital Cardiff, and Neath Port Talbot Hospital in the Geriatric Rehabilitation wards, for elderly patients and their families.

We have also significantly expanded our *Opera Tutti* tour. *Opera Tutti* is a multi-sensory concert for young people with Profound and Multiple Learning Difficulties (PMLD), performed by an ensemble of nine musicians and singers. The concert was designed to tour special schools to reach those who are unable to access conventional performance spaces and for whom travel is a key barrier. This includes those who are non-ambulant and have associated physical difficulties and sensory impairments. The scope of *Opera Tutti* has developed considerably this year and deepened its reach because of the

team's increased confidence, skills, and understanding as well as in response to the overwhelmingly positive feedback and impact. This year we have developed *Opera Tutti II* with new repertoire. There is an education resource to accompany, and we have ambitions to develop a second. We have also developed a studio version of the concert, which is adapted to reach a broader needs group, enabling us to reach more young people across England and Wales and meet a demand for more live music experiences for disabled young people. We are also developing 'intensive musical interaction' sessions for individuals with PMLD. This show is the first of its kind in the UK for opera and we are proud to have reached a point where it can be upscaled and rolled out across Wales, particularly West Wales, Powys and parts of North Wales.

Looking to our local communities in Cardiff we were proud to begin a burgeoning partnership with community organisations and young people in Ely through WNO's Ely Bridge Programme. Ely is an area of the city that ranks high on the deprivation index, has a high and growing rate of crime often related to drug trafficking, and is an area that is isolated from the main cultural hub of the city, lacking regular arts and cultural activities. Attainment rates for young people rank considerably lower than other parts of the city and progression into further and higher education, particularly for young boys, is significantly below the UK average. There have been growing issues in Ely with both drug misuse, drug dealing and dealers recruiting young people to take part in active drug trade across the area. To support young people to have a chance to express themselves creatively, we worked with young people from Herbert Thompson Primary School and St Francis Catholic Primary school in a project led by visual artist Bill Taylor Beales, along with a Pianist and Composer. The young people designed sets and wrote, composed and performed in their own opera. We have extended the partnership in the early part 2024 to work with Windsor Clive Primary school and Forge Care home, which is a residential home for older people with dementia in the heart of Ely. We anticipate continuing to develop the programme by working in partnership with Action Caerau Ely, South Wales Police, The Church of the Resurrection and Ely Court Care home.

In Cardiff, our five-year partnership with Oasis Centre, a charity supporting asylum seekers and refugees, has continued with another opera and Iranian music events to celebrate Nowruz, the Iranian New Year; alongside a co-created, newly commissioned work The Shoemaker written, composed and performed by artists involved in the WNO Oasis partnership.

External Factors

The Arts sector across the UK is working within an environment of challenging circumstances, caused by the continuing economic uncertainty of post-Covid recovery, Brexit, and the cost-of-living crisis, and the slower return of audiences to theatres and live performances than anticipated. Despite this over the last 12 months we have seen a notable increase and a positive improvement in ticket sales particularly for the Autumn 2023 and Spring 2024 Seasons and received positive feedback and critical acclaim for productions including *Death in Venice* with sell-out performances in a number of venues.

The return to office of the Labour Government saw them set out in their manifesto a range of measures to develop creative industries, with an intention to implement policies around culture and heritage sectors. This is along with a review of the English curriculum, with the vision to develop a curriculum that is inclusive, innovative, and develops children's knowledge and skills, and the launch of a review of Arts Council England to decide how best to position it for the next decade. Alongside this a further valuable insight for our sector was Arts Council's England's Opera and Music Theatre review. Working with independent consultants and bringing together data from a range of perspectives, the intention was to provide a more accurate and comprehensive picture of the sector and provide recommendations around cross sector collaboration, particularly around sharing work through new technology, place-based partnerships, sector-wide approaches to talent, and the need for impact mapping across the current touring infrastructure and network.

In Wales, the continued support of Arts Council Wales and Welsh Government particularly through our *Wellness programme* and the development of opportunities presented by the new Expressive Arts Curriculum have been an asset in supporting our business transformation programme.

We have continued Arts Council England funding agreements from 1 April 2023 to March 2026 and will be applying for an extension year for 2026-2027 in Autumn 2024. WNO's operating area within the regional model of delivery in England has been redefined and focused to the Southwest; and after a year of working across the region we are starting to see our presence yield new partnerships, not just cross sector but with third sector organisations and HEIs.

Arts Council Wales funding is a three-year allocation. Our Funding Agreement with Arts Council Wales is reviewed annually. Each year, this is still subject to ratification by Arts Council Wales (both lead officer Council and CEO) who have been as flexible and responsive to requests and changes from WNO as it can be within the current three-year funding agreement (Apr24-Mar27) and by Welsh Government preceding their budget settlement per annum. There will be a review point at the end of year two (Spring 26) in regard to whether WNO will be supported in another three-year revenue funding cycle. ACW have also supported the development of our Transformation programme with Arts Council England working towards a Milestone plan and continue to offer the company every support for the change programme to reach a new model in 27-28 or sooner.

WNO embraces the complexity of this challenging environment and our need to be more responsive to the changing and diverse needs of our audiences and to deliver our offer in the most efficient and effective way, whilst maintaining the integrity and quality of our artistic output and working with the most talented, innovative and radical artists possible both in Wales, England and through our international work. To continue to deliver world class performances and our expansive community engagement work, we need to reshape our delivery model to respond to the changing needs of our environment and audiences, whilst solidifying our financial position. The new operating model will build upon the strong and effective relationships we already have in place and continue to develop and nurture talent to ensure the arts ecology remains strong in Wales and the wider UK.

Audiences

Welsh National Opera continued its recovery in 2023-2024 by stabilising audience numbers and revenue, following a slower than expected recovery from the pandemic, as well as external challenges. Late bookings continue to be a pattern, due to the continued cost-of-living concerns, which is a wider trend. Despite a reduced performance count of 20 from the previous year, the box office revenue remained consistent and reached the same income as 2022-2023, achieving 106% of the financial target. This indicated the importance of a balanced repertoire to allow WNO to build our audience base while still appealing to those who have seen the Company before.

Results from post-show surveys conducted during the 2023-2024 Season revealed that 82% of respondents had attended WNO performances in the past, which was consistent with the figures recorded in the previous year. However, data from ticket booking systems suggest the percentage of new bookers could be higher. This is expected as those completing surveys are more likely to be older, and more regular bookers.

Better known titles such as *La traviata* continued to attract first timers, but *Ainadamar* and *Death in Venice* also created opportunities to entice in new audiences with flamenco and circus elements providing alternative hooks for marketing and press. Of those surveyed two main motivations to attend were cited. The most common response was 'to be entertained' (36%), followed by 'opera is an important part of who I am' (26%).

Several factors will certainly have contributed to this year's achievements. The well-balanced repertoire combining much-loved greatest hit productions (e.g *La traviata*) with new and intriguing productions (*Death in Venice, Ainadamar*) has provided opportunities to target different audiences and entice new bookers. In Autumn 2023, we were slightly short of target at 97%, with *La traviata* delivering as expected, allowing WNO to sell the classic opera experience to those who have opera on their 'bucket list'. The edgier *Ainadamar* was well received by both the audience and critics and benefited from word of mouth and strong reviews, and therefore a longer run of performances may have enabled the momentum to grow.

During Spring 2024, box office income versus budgeted figures for main scale opera titles exceeded expectations by reaching 114% of financial target. *Death in Venice* campaign activity leveraged our

partnership with NoFit State and the five-star reviews with sell-out performances in Cardiff, Bristol, and Oxford. By the end of the Season revenue over and above target more than made up for the deficit from Autumn 2023. A short Summer 2024 Season of *Il trittico* was performed in Cardiff achieving 128% of box office target and laying the foundations for a successful tour in Autumn 2024.

Throughout the 2023-2024 Season, WNO's Programme and Engagement work continued to reach people within our communities daily inspiring children, young people, families, those with long-term health conditions and intergenerational groups, among others, through projects such as *Wellness with WNO*, *Cradle Choir*, *Youth Opera*, *Opera Tutti* and our schools programme, WNO Teach. Many of these participants would otherwise not be given the chance to experience opera. Back on the main stage *Play Opera LIVE* attracted a younger audience, including many who had not previously experienced WNO performances (51%).

WNO is committed to growing our audience base by providing exceptional experiences which inspire new audiences to encourage them to come back again in the future while still appealing to those who have seen the Company before.

Development and External Relations

In 2023, philanthropy was pivotal to our success, with donors, syndicates, WNO Friends and Partners, trusts, foundations, and corporate supporters collectively contributing to 7.6% of our unrestricted income. Trusts and foundations led the way, accounting for 38% of this support, followed by legacies at 33%, individual giving at 22%, Gift Aid at 5%, and corporate partnerships at 2%. This steadfast generosity enabled us to deliver remarkable performances, inspire audiences across national and international tours, and nurture emerging talent, showcasing the transformative power of giving in sustaining and growing our cultural impact.

Looking ahead, we see significant opportunities for growth, particularly in underrepresented areas such as corporate partnerships and a new generation of individual giving. Building on the 2023 baseline, we aim to diversify our income streams, expand donor engagement, further develop the events and experiences market, and establish innovative partnerships. Our strategic focus includes amplifying legacy giving campaigns, exploring new collaborations with the corporate sector, and maximizing Gift Aid contributions. By investing in these growth areas, we can secure a stronger, more sustainable future for WNO, ensuring opera and classical music continue to resonate with audiences today and for generations to come.

People and Culture

In support of the WNO strategy a new People Strategy has been developed, that will focus on delivering a more diverse, modern, agile, creative and efficient workforce. We will have strong inspirational leadership and engaged colleagues who understand WNO's vision and strategic plan and the contribution they make to achieving them. We will ensure our colleagues are listened to and shape business decisions for the future.

Delivering the aims and objectives of our strategic plan will require organisational transformation. The greatest impact in terms of 'the WNO employment experience' comes from the managers who work, develop, and build relationships with their teams daily. We want to ensure that every colleague feels valued and appreciated for the work they do, whilst ensuring they are listened to in shaping the business.

Finance

The reliance on public funding and the associated vulnerability to government policy changes and funding cuts remain significant concerns. While WNO is entering a period of public funding stability, the recent reductions in funding have made the transformation of the Company's operating model a critical priority. However, achieving the necessary level of transformation to reshape a fully contracted touring

company model in the short term is challenging, given internal restructuring timelines. This challenge is further compounded by the fact that seasons are planned two to three years in advance.

WNO secured £3.25 million from the ACE Transform Stage 2 funding over a two-year period. The additional funding is to facilitate the change, and any additional costs associated with the transformation.

In January 2024, ACE announced that the 2023-26 National Portfolio Investment Programme will be extended for a further year, which will take the current allocation to March 2027.

Therefore, we are continuing to take a phased approach to reshaping our offer with a target date of being in a financially sustainable position by summer 2026. To support this phased approach, a financial strategy is being developed to support the new operating delivery model from 2024-2028, this will include reviewing and renegotiating the contractual arrangements of WNO colleagues, repertoire that retains quality and audience engagement and touring patterns that are affordable.

Board

The WNO Board met six times during 2023/2024.

In 23/24 there were four resignations and the appointment of five new trustees. The Chair of the board was re-elected in September 2023 for a period agreed by the board, until October 2025. Details can be found in Directors' and Officers' note on page 57 of this report. All the appointments were made following an open and transparent recruitment and selection process, which included the use of advertising and recruitment and selection specialists.

Subsidiaries

WNO has two wholly owned subsidiaries. Details of both are included in note 18.

Cardiff Theatrical Services Limited was established in 1984 as the in-house workshop for WNO and has a reputation for building outstanding quality scenery for some of the World's leading performing arts companies, visitor attractions and exhibitions.

The company had a successful year, with turnover increasing 42% to £3.4 million. This resulted in a profit of £0.3 million, compared with a slight loss last year. Strong demand and the controls and processes introduced by management during recent years contributed to the success.

The directors would like to express their gratitude to the company's employees for effectively managing this significant increase in activity and achieving a healthy profit. The employees' dedication and flexibility have enabled the company to deliver this increase in activity while maintaining its delivery and quality standards. Customer feedback has been excellent. Although the entertainment sector is experiencing challenging times due to constraints on consumer spending, the company's sales pipeline remains strong, and the directors anticipate a positive outcome for the current year.

WNO Productions Limited was set up in 2014 to create and prepare theatrical productions for the Welsh National Opera Group of companies.

Public benefit

Welsh National Opera's public benefits are covered by its mission vision and values.

The Directors have considered the Charity Commission's guidance on public benefit when reviewing the Company's aims and objectives and in planning future activities. In particular, the Directors have considered how the planned activities will contribute to the Company's aims and objectives.

Our activities are planned ahead of the year being reported, and from the outset, consideration is given to the likely public benefits and public impact of all activities, the accessibility of this offer and the inclusivity of design and reach and how they fulfil the Company's mission, alongside the objectives of our funder (both Arts Councils) and DCMS and Welsh Government; as well as the public benefit objectives of Trusts and Foundations funding. The details of the activities carried out, including activities aimed at encouraging specific audience groups, are shown in the business performance strand 1 review under the Artistic Content and Presentation section.

Several members of the WNO team are available at all our performances and events, to respond to participants or audience enquiries and to publicly represent the Company. Our Marketing team capture audience feedback through surveys and qualitive and quantitative data collection. Feedback and participation direct from audiences is encouraged, through surveys, through our website and through activities outside the main productions and is used through our evaluation process to improve our public offer.

Children, young people and intergenerational participants take part in many of our productions and engagement activities. Projects involving young people are supported by suitably qualified professionals and artists and are supported by legally compliant Safeguarding policies and procedures.

We aim to encourage audiences from the widest catchment area across the communities we tour to, and we perform in easily accessible theatres, in major towns and cities in England and Wales. To further support access, we offer *Touch Tours* and *Audio Description* in all our venues for people with visual impairments and BSL interpretation and Makaton to support communication. All the theatres we tour to are part of the *Hynt* scheme. Several of our Youth Opera performers are disabled or neurodivergent as well as many of our participants and we are working with an accessibility consultant across our Youth Opera performance programme in partnership with Taking Flight Theatre.

Our Programmes and Engagement strategy is predicated on values of access for all, supporting participants and audiences through the widest range of activities in community spaces, health care environments, centres for disabled people and PMLD units and through schools and colleges. We focus activities to support people who are socially excluded or with protected characteristics. Our school's programme is only offered in low-income areas or to those who rank highly on the deprivation index or to schools with a high proportion of free school meals. Due to the growth of our regular schools activity in low-income areas, 60% of young people in our Youth Opera company can only take part due to our bursary support programme and since this offer we have seen a growing increase of diversity through the group. We seek to balance our activity across Wales with programmes in South, North, Mid and West Wales and a developing programme across the Southwest of England; and we proactively work with other arts organisations and national bodies to ensure we do not duplicate cultural provision in these areas.

Our third sector partners have enabled us to increase our reach and support of people who would never otherwise engage with opera; but have now become life-long participants and collaborators. Our marketing, communications, digital content and socials, are accessible and encourage audiences from all backgrounds to take part through targeted activity and ticketing strategies especially developed for young people and families. We endeavour to create communication that is accessible and inclusive in tone and content. This is supported by our pricing policy and commitment to affordability wherever we perform, both through pricing structures that are set below the market average for opera performances and free or 'taster' event and activities wherever possible. We also offer free dress rehearsal tickets for schools and community groups, including to schools from further afield by providing free transport and access to our theatres. We also provide school concerts and free workshop opportunities for schools and youth groups.

Our talent programme, through our Associate Artists provision is committed to searching for and encouraging diverse talent from across the UK and actively encouraging artists with protected characteristics to audition. To ensure there are no barriers to access we have no entry fee to apply for the scheme, and we hold auditions in five different cities across the UK, lowering costs for applicants. We reimburse expenses for applicants offered a second audition and application requirements are kept to a minimum and we have been actively working with conservatoires, particularly the Royal Welsh College of Music and Drama, Birmingham Conservatoire, Royal Northern College of Music and the National Opera Studio and Voices of Black Opera to encourage a wider pool of applicants.

Environmental sustainability

The Company monitors its energy consumption and environmental impact and recycles its productions and sets extensively. The Company has incentives in place for colleagues to minimise their environmental impact while travelling and encourages rail use whenever possible. We continue to assess our future productions by employing the *Theatre Green Book*, an industry-wide initiative to reduce the carbon footprint of the performing arts sector. Plans have been put in place to review our

Lighting rig switch to LED fixtures and the regeneration of the HGV fleet to minimise fuel consumption and carbon footprint of our touring activities.

We have been working on implementing an environmental management system (EMS) that will be integral to Welsh National Opera, whilst actively looking for external advice and auditing facilities. Over the last year we have continued as an active partner of a wider initiative of European Opera companies looking at environmental sustainability (Green Group Opera Europa) and have continued to work with Julie's Bicycle on reporting and analysing our data. We have reduced the number of printers and photocopiers across the business and replaced them with energy-efficient models.

Over the forthcoming year we will be pioneering a new concept of multiple productions sharing, scenic staging and looking to swap and enter co-production agreements where possible, to reduce set build costs and materials consumption. We have ensured that building materials are being sourced from sustainable sources and traceable timber reserves (FSC wood). Scenery and props are held for recycling for new productions, and all costumes are taken into storage for re-use where possible.

Since 2023 we have also been presenting work that features climate and social justice themes, particularly through Programmes and Engagement work, ensuring that these productions are created sustainably, with minimum waste through recycled set, costumes and props, in line with the Theatre Green Book's standards. In 2025 our new production of *Peter Grimes* will be made to 80% of recycled sets with an ambition to target the Green Book baseline.

Welsh language

The Welsh Language Standards (No.2) Regulations ('the Regulations') specify service delivery standards; policy making standards; operational standards; and record keeping standards.

Welsh National Opera is one of 32 organisations to which the Regulations are specifically applicable and as such the Company has been fully compliant with the Standards since the end of July 2017. We have received one complaint from the Welsh Language Commissioner in 2023 of which the investigation has now been concluded.

The outcome of the investigation concluded that WNO has a duty to always comply with standard 80: that when we inform participants of any education course that is available to the public, we must ensure that there is a Welsh medium course also available. We must also ensure that all registration forms for education courses include an option for a person to choose to attend a Welsh medium course and that we must provide the Welsh Language Commissioner with sufficient written evidence that enforcement actions 1 and 2 have been completed within three months of the date of issuing the final determination. This written evidence has now been supplied to the Commissioner and the investigation is now resolved.

We now have an All-Wales cultural strategy, established by a collective of colleagues from different departments across WNO, working together with the Senior Leadership Team and members from the Board, to outline our new holistic approach to the use and promotion of the Welsh language and culture which incorporates not only legal compliance but our common understanding as a Company of how we can use our cultural and competitive advantage to support the interplay of Welsh culture within a multi-cultural and multi lingual Wales; and how through our art form we can become the cultural heartbeat of our nation and uphold our flagship status as a national and international company representing Wales to the world.

Financial Review

The Consolidated Statement of Financial Activities for the Group and its subsidiaries is shown on page 24. Overall, the Group's activities resulted in net incoming resources of £718,000 (2023 £179,000).

Income

Total incoming resources increased by £157,000 to £18,323,000 (2023 – £18,166,000).

Expenditure

Overall expenditure this year reduced by £111,000 to £20,613,000 (2023 – £20,724,000). Expenditure on charitable activities reduced by £886,000 and accounts for 83% of all expenditure (2023 – 87%).

Subsidiaries

Cardiff Theatrical Services Limited enables WNO to maintain its own excellent set-making facilities and continues to build sets for many other clients. The subsidiary made a profit after taxation of £304,264 (2023- loss of £7,242) during the year after contributing an appropriate share of premises and overhead costs to WNO.

WNO Productions Limited was formed in 2014 to create and prepare theatrical productions for the Group.
Details of both subsidiaries are included in note 18.

Fixed assets, investments and cash

Fixed assets purchased during the year amounted to £143,000 (2023- £64,000) primarily replacement trailers.

After investing the funds referred to above, at the year-end the group held cash at bank of £1,877,000 (2023 – £2,751,000).

The Group holds its cash in major UK clearing banks. The Investment Committee regularly reviews the Group's banking arrangements and investment policy and in May 2014 it invested £2,332,000 of reserves which are held for the long term (over three years) into an investment portfolio. These investments, which are openly traded investments and securities, are classified as fixed asset investments with a market value of £4,225,000 at year end (2023 - £3,038,000) (see note 7b).

Pension

Group employees contributed to a defined contribution pension scheme; the Group's defined benefit scheme was closed to new entrants and future accrual on 5 April 2009 but continues to be maintained by the trustees for its pensioners (see note 17). The surplus on the defined benefit scheme amounted to £3,984,000 at 31 August 2024 (2023– surplus of £4,186,000) with an actuarial loss of £428,000 shown in the year (2023 - gain of £1,374,000). These movements reflect the changes in the valuation of the actual assets and estimated liabilities in the scheme, and do not represent crystallized net assets or liabilities.

Risk management

The Board recognises its legal responsibility to provide an annual Risk Management Statement to show they have given due and proper consideration of the charity's major risks and that they have satisfied themselves of the adequacy of the systems which are in place to manage those risks (Charities (Accounts and Reports) Regulations 2008).

Detailed review authority is delegated to the Audit and Risk Committee, which meets on a biannual basis. The Committee is made up of two Board Trustees, two external members with specialist knowledge/experience and is also attended by the General Director and the Executive Director and the Chair of Trustees in an Ex-Officio capacity. Findings and recommendations are made to the full Board of Trustees, along with a summary of the risk register.

The board considers risk to be the opportunities/uncertainties which may impact its ability to deliver its vision/mission/strategy or which may jeopardise the WNO's compliance with legal and regulatory requirements.

In applying a particular approach, the Board aims to assess and agree its own appetite to the risks identified, which enables the executive team to manage them accordingly. For example is the Board:

- risk averse, where avoidance of the risk is a key organisational objective;

- risk balanced, where the preference of the board is for delivery options having a low degree of inherent risk/may only have limited potential for reward or;
- risk seeking where the board is perhaps keen to be innovative and therefore willing to choose options offering potentially higher rewards (albeit with greater inherent risk.

In identifying and assessing risk, WNO looks at both internal and external factors which may impact its strategic objectives, as well as its financial position. In addition, there are key leading and lagging indicators, which may influence its ability to over or under achieve what it has set out to do. Risk areas have been aligned to the organisation's strategic objectives and have been categorised into the following:

a) Financial (e.g. loss of income, pension liabilities, cash flow, reserves)
b) Operational (e.g. staff skills/welfare/collective agreements, resources, business continuity)
c) Reputational (artistic quality, partner agreements)
d) Strategic (e.g. economic climate, government policy)

The organisation is also mindful of other potential significant risks, which underpin and run across all the above:

e) Legal (e.g. H &S breach, legal/regulatory responsibilities, breach of trust)
f) Governance (e.g. organisational controls, trustee skills, conflicts of interest)

The trustees can confirm there have been no reportable serious Incidents during this period and are kept aware of the renewed guidance given by the Charity Commission on safeguarding, governance, complaints handling, staff engagement and public trust in charities.

The Board recognises that risks ebb and flow, depending on both external and internal factors. Therefore, the management of these risks is a dynamic process, which requires regular review. The organisation's approach to managing risk is multi-faceted, depending on the type of risk and includes:

- stopping the activity to avoid the risk completely
- mitigating the risk to best possible controls measures
- transferring the financial consequences to insurers or outside companies
- accepting the risk as unavoidable.

The trustees can confirm there have been no reportable Serious Incidents during this period and are kept aware of the renewed guidance given by the Charity Commission on safeguarding, governance, complaints handling, staff engagement and public trust in charities.

Reserves

As of 31 August 2024 the total funds held by the Group stood at £14,538,000 (2023 - £14,248,000); of this total £4,403,000 was classed as restricted or endowed funds (2023 - £4,152,000) leaving unrestricted funds totalling £10,135,000 (2023 - £10,096,000).

The Group has set a minimum level of free reserves of £1,500,000. This provides the Group with a short-term safety net in the event of unforeseen shortfalls in income and is based on a risk assessment of all the Group's sources of income. This level of reserves is considered by the Board to be the appropriate acceptable level of free reserves to provide for the stability of the Group.

The calculation of free reserves is shown below and shows free reserves of £2,416,000 (2023 - £2,187,000); the remaining unrestricted reserves have been designated to support the transition to a new operational structure over the next 3 years.

Free reserves

This refers to the Group's free reserves which are calculated as directed by SORP as follows:

At 31 August	2024 £'000	2023 £'000
Total unrestricted funds	**10,135**	**10,096**
Exclude designated funds - restructuring reserve (Note 13)	-	(239)
Exclude designated funds – production reserve (Note 13)	-	(2,002)
Exclude designated funds – transformation reserve (Note 13)	(2,239)	-
Less fixed assets	(1,496)	(1,482)
Exclude pension reserve	(3,984)	(4,186)
Free reserves	**2,416**	**2,187**

Directors' Report

Governance and Management

The Company is a registered charity constituted as Company Limited by Guarantee and does not have share capital (See note 12).

The reference and administrative details of the Company are shown on page 56, and the details of the Directors of the Company, who are also its members and charitable trustees, are shown on page 57.

Governance

As required by the Company's Articles of Association, directors are appointed by the members of the Company at the annual general meeting of the Company, after nomination by a member. The Board's membership is drawn from Wales, London and the English regions. Between them directors possess the range of expertise, skills and experience necessary to carry out the full remit of the Board's responsibilities.

New directors are provided with an induction to the Group and given guidance as to the role and responsibilities of being both a charity trustee and a company director. A copy of the Governance Code is provided for each director as part of the induction process.

The Board is responsible for approving overall policies, plans and organisation.

Directors may expect to serve two consecutive terms of three years in office and are eligible to serve a third term if approved by the Board, following a review by the Nomination and Remuneration Committee. An extension of office beyond three terms is only considered in exceptional circumstances. The Chair of the Group is expected to serve for two terms of office irrespective of how long they have served as a director prior to appointment, if relevant.

The directors who held office during the year and up to the date of signing of the Financial Statements are listed in the Group Details section beginning on page 57.

Directors' interests

Directors have no interests in the Group or the related bodies shown in note 19 to the Financial Statements. Directors received no remuneration as directors in the year (2023 - £nil).

Senior Leadership

The Executive Team is made up of the General Director, Executive Director plus the Music Director who report directly to the Board.

The Senior Management Team comprises departmental directors with responsibility for artistic administration, chorus and orchestra, engagement and partnerships, development and external relations, technical operations, people & culture, marketing and communications, and finance.

Note 4 contains details of the arrangements in relation to Senior Management remuneration.

Colleague involvement

During the year meetings took place with colleagues and their representatives to share an understanding of the Group's performance and the financial and economic factors that affect it. These meetings enable the Group to consider the views of colleagues when making decisions likely to affect their interests. The Group also continues to invest in colleague learning and development and operates a colleague appraisal system to support their personal development and career aspirations. Due to financial restrictions of the public funding a change programme was run during the period, which culminated in a collective consultation. Excluded from the programme were the unionised staff. The programme is scheduled to be concluded in December 2024, resulting in staff reductions.

Directors' Report (continued)

Equal opportunities and diversity

The Group is committed to a policy of equal opportunities in its employment practices. The Group does not own or manage any of its performing venues but monitors facilities for disabled patrons and encourages the theatre owners to improve facilities where necessary. Full consideration is given to the employment and training of disabled persons as permitted by the conditions of employment. It is Company policy to ensure that continued employment is offered, wherever possible, to employees who become disabled during their employment.

The Group is currently reviewing its Equality Policy and creating a new, robust Diversity Action Plan which will move the Group forward in the areas of artistic, workforce and audience diversity.

Going concern

The directors have assessed the Company's ability to continue as a going concern. The directors have considered several factors when forming their conclusions as to whether the use of the going concern basis is appropriate when preparing these financial statements including liquidity, cash resources, liabilities, and the support available from ACE and ACW Transform funding schemes. After assessing the impact of income and cost reduction scenarios, the directors have concluded that the charity has a reasonable expectation that there are adequate resources to continue to operate for at least 12 months from the date of signing of the financial statements and have continued to prepare the financial statements on a going concern basis.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

A resolution to reappoint Azets Audit Services will be proposed at the forthcoming Annual General Meeting.

The Directors' Report and the Strategic Report were approved by the Board of Directors and signed on its behalf by:

Yvette Vaughan Jones, Chair

Date: 12 February 2025

Statement of Trustees' Responsibilities

The trustees (who are also directors of Welsh National Opera Limited for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the strategic report and directors' report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the trustees are required to:

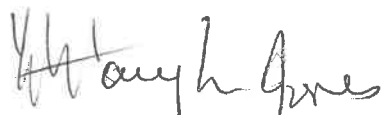
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for maintaining proper accounting records which 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. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Signed on behalf of the Board of Trustees

Independent Auditor's Report to the Members of Welsh National Opera Limited

Opinion

We have audited the financial statements of Welsh National Opera Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2024 which comprise the consolidated Statement of Financial Activities, the consolidated and parent Balance Sheet, the consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 August 2024, and of the group's incoming resources and application of resources 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.

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 responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other 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 opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent Auditor's Report to the Members of Welsh National Opera Limited

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 trustees' report, which includes the strategic report and directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent Auditor's Report to the Members of Welsh National Opera Limited

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

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

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

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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

Independent Auditor's Report to the Members of Welsh National Opera Limited

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

Azets Audit Services

Andrew Howells
Senior Statutory Auditor
For and on behalf of
Azets Audit Services
Chartered Accountants and Statutory Auditors
Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
CF23 8AB

Date 1 April 2025

Consolidated Statement of Financial Activities

Incorporating the income and expenditure account for the year ended 31 August 2024

Years to 31 August:	Note	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2024 £'000	Total 2023 £'000
Income and endowments from:						
Charitable activities	2a	2,247	-	-	2,247	2,728
Donations		1,078	1,051	27	2,156	1,466
Legacies		88	-	-	88	1,911
General grants	2a	8,352	1,944	-	10,296	10,033
Trading income		3,414	-	-	3,414	2,349
Investment income		68	-	54	122	79
Total income		**15,247**	**2,995**	**81**	**18,323**	**18,166**
Expenditure on:						
Charitable activities		14,042	2,456	578	17,076	17,962
Raising funds		377	-	-	377	344
Trading expenditure		3,160	-	-	3,160	2,418
Total expenditure	2b	**17,579**	**2,456**	**578**	**20,613**	**20,724**
Other recognised gains and losses						
Net (losses)/gains on investments		132	-	-	132	(77)
Net income/(expenditure) before tax		**(2,200)**	**539**	**(497)**	**(2,158)**	**(2,636)**
Taxation	18	2,876	-	-	2,876	2,814
Net income/(expenditure) for the year	3	**676**	**539**	**(497)**	**718**	**179**
Transfers						
Transfer from Endowment fund		298	-	(298)	-	-
Transfer from Restricted fund	13	(507)	507	-	-	-
Other gains/losses						
Actuarial (losses)/gains in the defined benefit pension scheme	17	(428)	-	-	(428)	1,374
Net movement in funds		**39**	**1,046**	**(795)**	**290**	**1,553**
Fund balance brought forward	16	10,096	459	3,693	14,248	12,695
Fund balance carried forward		**10,135**	**1,505**	**2,898**	**14,538**	**14,248**

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

All income and expenditure derive from continuing activities. The notes on pages 28 to 55 form part of these financial statements. No separate income and expenditure account is presented for the parent Company in accordance with the provisions of s.408 of the Companies Act 2006. The total income for the parent company is £18,153,279 (2023 - £20,278,000). The result reported in the accounts of the parent Company is a surplus of £358,145 (2023 - deficit £582,000).

Consolidated Balance Sheet

As of 31 August 2024

	Note	31 August 2024 £'000	31 August 2023 £'000
Fixed assets			
Tangible assets	7a	1,496	1,482
Investments	7b	4,225	3,038
		5,721	**4,520**
Current assets			
Stocks	8	72	102
Debtors	9	4,746	4,420
Cash and bank deposits	10	1,877	2,751
		6,695	**7,273**
Creditors: amounts falling due within one year	11	(1,862)	(1,731)
Net current assets		**4,833**	**5,542**
Total assets less current liabilities		**10,554**	**10,062**
Net assets excluding pension liability		**10,554**	**10,062**
Defined benefit pension (liability)/asset	17	3,984	4,186
Net assets		**14,538**	**14,248**
Unrestricted funds			
Other charitable funds	13	3,044	2,803
Designated funds	13	2,239	2,239
Revaluation reserve	13	868	868
Pension reserve	17	3,984	4,186
Total unrestricted funds	13	**10,135**	**10,096**
Restricted funds	14	1,505	459
Endowment funds	15	2,898	3,693
Total charity funds		**14,538**	**14,248**

The notes on pages 28 to 55 form part of these financial statements

The financial statements of Welsh National Opera Limited, company registered number 00454297, were approved by the Board of Directors and authorised for issue on 12th February 2025

Signed on behalf of the Board of Directors:

Harriet Feilding - Trustee

Company Balance Sheet
As of 31 August 2024

	Note	31 August 2024 £'000	31 August 2023 £'000
Fixed assets			
Tangible assets	7a	1,496	1,482
Investments	7b	4,225	3,038
		5,721	**4,520**
Current assets			
Stocks	8	72	102
Debtors	9	1,860	1,334
Cash and bank deposits	10	1,614	2,673
		3,546	**4,109**
Creditors: amounts falling due within one year	11	(1,563)	(1,354)
Net current assets		**1,983**	**2,755**
Total assets less current liabilities		**7,704**	**7,275**
Net assets excluding pension liability		**7,704**	**7,275**
Defined benefit pension (liability)/asset	17	3,984	4,186
Net assets		**11,688**	**11,461**
Unrestricted funds:			
Other charitable funds	13	194	16
Designated funds	13	2,239	2,239
Revaluation reserve	13	868	868
Pension reserve	17	3,984	4,186
Total unrestricted funds	13	**7,285**	**7,309**
Restricted funds	14	1,505	459
Endowment funds	15	2,898	3,693
Total charity funds		**11,688**	**11,461**

The notes on pages 28 to 55 form part of these financial statements.

No separate income and expenditure account is presented for the parent Company in accordance with the provisions of s.408 of the Companies Act 2006. The total income for the parent company is £18,153,279 (2023 -£20,278,000). The result reported in the accounts of the parent Company is a surplus of £358,145 (2023 - deficit £582,000).

The financial statements of Welsh National Opera Limited, company registered number 00454297, were approved by the Board of Directors and authorised for issue on 12th February 2025

Signed on behalf of the Board of Directors: **- Trustee**

Consolidated Cash Flow Statement

Years to 31 August:	Note	2024 £'000	2023 £'000
Net cash flow from operating activities (see below)		(203)	(773)
Interest received		122	79
Investing activities:			
Proceeds from sale of investments (shares etc.)	**7b**	705	796
Investments (in shares etc.)	**7b**	(1,371)	(883)
Purchases of fixed assets	**7a**	(143)	(64)
Proceeds from sale of fixed assets	**2a**	16	6
Net cash movement		**(874)**	**(839)**
Opening cash at bank and in hand		2,751	3,590
Closing cash at bank and in hand		**1,877**	**2,751**

Net cash flow from operating activities		2024	2023
Years to 31 August:		£'000	£'000
Net expense for the year		718	179
Adjustments for:			
Release from reserves		-	-
Movement in WNO Endowment Fund		-	-
Interest receivable		(122)	(79)
Depreciation charges	7a	126	125
Profit on sale of fixed assets	**2a**	(13)	(6)
Movement in investments	**7b**	(521)	164
Operating cash flow before movement in working capital		**188**	**383**
Movements in working capital:			
Movement in stocks	**8**	30	12
Movement in debtors	**9**	(326)	(970)
Movement in creditors	**11**	131	(82)
Adjustment for pension funding	**17**	(226)	(116)
		(391)	**(1,156)**
Net cash (outflow)/inflow from operating activities		**(203)**	**(773)**

No separate statement of cash flows is presented for the parent Company in accordance with the provisions of s408 of the Companies Act 2006.

The notes on pages 28 to 55 form part of these financial statements.

Notes to the Financial Statements

1. Accounting Policies

Welsh National Opera Limited is a registered charity incorporated in England and Wales as a company limited by guarantee without share capital. The trustees are also the members of the Company. Each member has undertaken to contribute a sum not exceeding £10 to the assets in the event of winding up. The registered office is given on page 56.

Basis of accounting

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Basis of consolidation

Group financial statements have been prepared in respect of Welsh National Opera Limited and its wholly-owned subsidiaries, Cardiff Theatrical Services Limited and WNO Productions Limited, on a line by line basis. The results of the subsidiaries are set out in note 18.

No separate statement of financial activities and income and expenditure account has been presented for the Charity alone as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the Statement of Recommended Practice: Charities SORP (FRS 102).

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the board in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

Notes to the Financial Statements

1. Accounting Policies (continued)

Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount.

Income from grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Income from charitable activities and trading income is recognised in the period to which the service relates with any amounts received in advance being deferred.

No amounts are included in the financial statements for services and time donated by volunteers.

Interest on funds is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividend income is recognised on the date the charity's right to receive payment is established.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Expenditure recognition

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. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs in relation to generating income such as fundraising and events, marketing and publicity and certain costs associated with the charity's trading subsidiaries.
- Expenditure on charitable activities includes all costs relating to the furtherance of the charity's objectives as stated in the trustees report.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Notes to the Financial Statements

Expenditure recognition (continued)

Expenditure in respect of productions to be presented in a future financial period is charged at the time of the first performance of the production. Such expenditure includes the company's share of the costs of the set, props, costumes, wigs, rehearsals and marketing of that production.

An analysis has been provided for the charitable activities on a departmental basis.

Costs where possible are attributed directly to the activity to which they relate. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Governance costs comprise all costs involving public accountability of the charity and its compliance with regulation and good practice.

Taxation

As a registered charity Welsh National Opera Limited is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only.

Theatre Tax Relief

Amounts due to Welsh National Opera in respect of Theatre Tax Relief, is included in the financial year to which the claim relates within Income from Charitable Activities rather than as a tax credit or a reduction in expenditure as the nature and intention of Theatre Tax Relief is akin to government grant income.

Fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses or in cases where fixed assets have been donated to the charity, at valuation at time of acquisition.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Category of Asset:	Depreciation Policy:
Long leasehold premises	Depreciated over 50 years
Vehicles	10% to 25% per annum on a straight-line basis
Equipment, fixtures and fittings	9% to 33% per annum on a straight-line basis

The Group's long leasehold premises were valued upon transition to FRS 102, and this value has now been adopted by the Group as the deemed cost as permitted by FRS102. Other fixed assets are included at cost less accumulated depreciation.

Costs of creating opera productions are written off in full at the time of the first performance of the production by the Company.

Notes to the Financial Statements

1. Accounting Policies (continued)

Investments

Fixed asset investments in quoted shares, traded bonds and similar investments are valued at initially at cost and subsequently at fair value (their market value) at the year end. The same treatment is applied to unlisted investments unless fair value cannot be measured reliably in which case it is measured at cost less impairment.

Stocks

Stocks consist of raw materials and are stated at the lower of cost and net realisable value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Capital grants, in accordance with Accounting and Reporting by Charities: (SORP 2015), are accounted for within restricted funds. Accordingly, this fund is reduced by the depreciation arising on the tangible fixed assets acquired with the grant.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Notes to the Financial Statements

1. Accounting Policies (continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

Employee Benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pensions

For defined contribution schemes:
The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due and are allocated against unrestricted funds.

Notes to the Financial Statements

1. Accounting Policies (continued)

For the defined benefit scheme:
The Group retains a defined benefit pension scheme which was closed to new entrants and future accrual with effect from 5 April 2009. Note 17 sets out full disclosures in accordance with FRS 102 'Retirement Benefits'.

The assets of the scheme are held separately in an independently administered fund.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in income/ (expenditure) for the year.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other recognised gains and losses in the period in which they occur and are not reclassified to income/(expenditure) in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Operating leases

Rental costs under operating leases are charged to the statement of financial activities on a straight-line basis over the period of the lease.

Critical accounting judgements and key sources of estimation uncertainty

In the application of charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Pensions accounting requires an estimation of actuarial assumptions. These represent the charity's best estimate of the variables that will determine the liability at the year-end. The trustees do not consider there are any other critical judgements or sources of estimation uncertainty requiring disclosure.

Notes to the Financial Statements

2. Analysis of Charitable Activity

(a) Income	Unrestricted Fund	Restricted Fund	Endowment Fund	Year	Year
	2024	2024	2024	2024	2023
Years to 31 August	£'000	£'000	£'000	£'000	£'000
Box office and similar income	1,732	-	-	1,732	1,741
Programmes & Engagement	160	-	-	160	77
Income from other charitable activity	342	-	-	342	904
Profit on disposal of fixed assets	13	-	-	13	6
Income from charitable activities	**2,247**	**-**	**-**	**2,247**	**2,728**
Grants receivable:					
Arts Council England	4,000	-	-	4,000	5,304
Arts Council England (Transformation)	-	1,944	-	1,944	-
Arts Council of Wales	4,352	-	-	4,352	4,729
General grants	**8,352**	**1,944**	**-**	**10,296**	**10,033**

The majority of the income in the previous year derived from activities in the UK with less than £100,000 arising from the European Union. The majority of the income in the current year was derived from activities in the UK.

(b) Expenditure on charitable activities

Years to 31 August:	Direct activity	Support costs	Year	Direct activity	Support costs	Year
	2024	2024	2024	2023	2023	2023
	£'000	£'000	£'000	£'000	£'000	£'000
Main-scale opera	13,584	2,333	15,917	14,696	2,057	16,753
Programmes & Engagement	1,010	149	1,159	1,078	131	1,209
Charitable activity	**14,594**	**2,482**	**17,076**	**15,774**	**2,188**	**17,962**
Fundraising	300	77	377	276	68	344
Trading	3,160	-	3,160	2,418	-	2,418
Total expenditure	**18,054**	**2,559**	**20,613**	**18,468**	**2,256**	**20,724**

Notes to the Financial Statements

2. Analysis of Charitable Activity (continued)

(c) Support costs

Years to 31 August:	2024 £'000	2023 £'000
Wales Millennium Centre premises	496	414
Finance & IT	1,063	852
Administration, HR	952	913
Governance costs	2	1
Defined Benefit Scheme pension costs	46	76
Support costs	**2,559**	**2,256**

Allocation of support costs to activities based on direct costs incurred:		
Opera	2,333	2,057
Programmes & Engagement	149	131
Fundraising	77	68
Support costs	**2,559**	**2,256**

The allocation of support costs to trading activity is factored into the transfer pricing arrangements, so no further allocation is required.

3. Net Income and Expenditure

(a) Net incoming / (outgoing) resources is stated after charging:

Years to 31 August:	2024 £'000	2023 £'000
Rentals under operating leases – land and buildings	184	180
Rentals under operating leases – equipment	14	14
Depreciation – owned assets	126	125
Auditor remuneration as statutory auditor	39	36
Other non-audit fees paid to the auditor	-	-

The auditor, Azets Audit Services, additionally provides audit services to the Welsh National Opera Limited Pension Scheme which has independent trustees to the charity paying audit fees of £5,450 (2023 - £5,925).

Notes to the Financial Statements

3. Net Income and Expenditure (continued)

(b) Net income for the parent Company

A separate statement of financial activities has not been included in respect of Welsh National Opera Limited. Included in the consolidated statement of funds are the following amounts in respect of Welsh National Opera Limited:

Years to 31 August:	2024	2023
	£'000	£'000
Total incoming resources	18,153	20,278
Net (deficit)/surplus for the year	358	(582)
Actuarial (loss)/gain on defined benefit scheme (see note 17)	(202)	1,490
(Deficit)/surplus including actuarial (loss)/gain in the pension scheme	372	908

4. Employee Costs and Numbers

Group and Company

Employee costs during the year (including temporary staff) amounted to:

Years to 31 August:	2024	2023
	£'000	£'000
Wages and salaries	8,346	8,283
Social security costs	905	896
Other pension costs	392	418
Pension deficit costs	46	76
	9,689	**9,673**

Included in employee costs above are the costs of 89 temporary and casual staff (2023 – 41) who were employed during the year paying total wages and salaries of £766,966 (2023 – £968,058). Redundancy and termination payments totalling £77,135 for the year ended 31st August 2024 (2023: £54,868). Amounts outstanding at the yearend totalled £nil (2023: £nil) are also included.

Monthly average numbers of permanent employees by activity were:

Years to 31 August:	2024	2023
	Number	Number
Opera	148	155
Programmes and Engagement	10	11
Support	16	17
Fundraising	7	8
Trading	22	23
	203	**214**

Notes to the Financial Statements

4. Employee Costs and Numbers (continued)

The number of Group employees whose emoluments excluding pension contributions but including benefits in kind were in excess of £60,000 was:

Years to 31 August:	2024 Number	2023 Number
£60,000 - £69,999	1	3
£70,000 - £79,999	4	5
£80,000 - £89,999	1	1
£90,000 - £99,999	1	-
£100,000 - £109,999	1	-
£110,000 - £119,999	-	-
£120,000 - £129,999	-	1
£130,000 - £139,999	1	-

Senior management pay

The senior management personnel of the Company and the Group are listed on page 58. The total remuneration (including pension contributions and freelance fees) in respect of the senior managers of the Company and Group for the year amounted to £889,974 (2023 - £733,709).

The remuneration and terms of employment of the General Director are set by the Board and reviewed annually. Those of other senior managers are reviewed annually and subject to periodic comparison with similar roles.

Directors' emoluments

The directors received no remuneration for their roles as directors in the year (2023 - £nil) and no accommodation and travel expenses were reimbursed to directors during the year (2023- £nil). Tickets for performances are purchased at box office prices by the directors other than for a small number of complimentary tickets for official hosting and marketing purposes.

Notes to the Financial Statements

5. Taxation on Ordinary Activities

Welsh National Opera Limited is a Company limited by guarantee and is a registered charity.

As a registered charity Welsh national Opera Limited is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only. The charity has two wholly owned subsidiaries:

i) Cardiff Theatrical Services Limited is, however, subject to tax. In the current year no corporation tax (2023 - £nil) was incurred by the subsidiary.

ii) WNO Productions Limited is also subject to tax and applied for Theatre Tax Relief on the major productions created in the year to 31 August 2024 amounting to £2,875,693 (2023 £2,814,399).

6. Operating Lease Commitments

The Company and Group were committed to making the following future minimum lease payments in respect of operating leases:

Years to 31 August:	2024	2023
	£	£
Due, 1 year	218,404	194,062
Due 2-5 years	213,885	112,000
Due > 5 years	2,793,069	2,249,742

7. Fixed Assets

7a. Tangible fixed assets

Group and Company	Long leasehold	Vehicles	Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 September 2023	1,500	498	1801	3,799
Additions	-	143	-	143
Disposals	-	108	-	108
At 31 August 2024	**1,500**	**533**	**1,801**	**3,834**
Depreciation				
At 1 September 2023	240	430	1,647	2,317
Charge for the year	30	34	62	126
Disposals	-	105	-	105
At 31 August 2024	**270**	**359**	**1,709**	**2,338**
Net book value				
At 31 August 2023	1,260	68	154	1,482
At 31 August 2024	**1,230**	**174**	**92**	**1,496**

Notes to the Financial Statements

7a. Tangible fixed assets (continued)

The other long leasehold premises have been professionally valued by Lambert Smith Hampton, Chartered Surveyors, on an open market, existing use and vacant possession valuation basis, upon transition to FRS102, at 31 August 2015 at £1,500,000 in accordance with the Royal Institution of Chartered Surveyors Valuation – Professional Standards UK January 2014 (revised April 2015).

7b. Fixed asset investments

Brewin Dolphin Limited is the investment manager of the Company's long-term funds. The following investments were held and managed by Brewin Dolphin at the year-end:

Group and Company: At 31 August	2024 £'000	2023 £'000
Corporate bonds and cash	703	512
Equities:		
- UK	1,668	878
- US	1,276	1,009
- Other equities	461	584
- Property	117	55
	4,225	**3,038**

The movements in investments held were as follows:

Years ended 31 August:	2024 £'000	2023 £'000
Market value at the beginning of the year	**3,038**	**3,115**
Additions at cost	1,371	883
Disposals at carrying value	(705)	(796)
Net realised and unrealised (losses)/gains	521	(164)
Market value at the end of the year	**4,225**	**3,038**
Historical cost at the end of the year	**3,857**	**2,844**
Included within the above is cash held within the portfolio totalling	**34**	**81**

Notes to the Financial Statements

Other investments

The Company also held 100% of the share capital in its trading subsidiaries at the beginning and end of the year (see note 18 for details):

- Cardiff Theatrical Services Limited (historical cost £90), and
- WNO Productions Limited (historical cost £100).

8. Stocks

At 31 August	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Raw materials	**72**	**102**	**72**	**102**

Stocks comprise materials held in the workshops for use in building sets and scenery for sale to third-party customers.

9. Debtors

Amounts falling due within one year:

At 31 August	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Trade debtors	888	530	164	121
Amounts owed by Group undertakings	-	-	567	204
Other debtors	235	320	405	258
Taxation	2,899	2,824	-	-
Prepayments and accrued income	724	746	724	751
	4,746	**4,420**	**1,860**	**1,334**

Amounts owed by Group undertakings comprise amounts due from Cardiff Theatrical Services Limited for normal monthly transactions.

10. Cash at Bank and In Hand

At 31 August	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Cash at bank and in hand	**1,877**	**2,751**	**1,614**	**2,673**

The Company has no borrowings or overdraft facilities.

Notes to the Financial Statements

11. Creditors: Amounts Falling Due Within One Year

At 31 August	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Trade creditors	174	107	174	107
Other creditors including taxation	332	428	457	432
Accruals	592	637	594	432
Deferred grant income	333	383	333	383
Other deferred income	431	176	5	-
	1,862	**1,731**	**1,563**	**1,354**

Other deferred income arises from co-productions, future productions and the work of Cardiff Theatrical Services Limited.

Analysis of movement in other deferred income

At 31 August	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Brought forward	176	478	-	345
Released in year	(176)	(302)	-	(345)
Received in year	431	-	5	-
Carried forward	**431**	**176**	**5**	-

Analysis of movement in deferred grant income

At 31 August	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Brought forward	388	383	388	383
Released in year	(10,832)	(10,033)	(10,832)	(10,033)
Received in year	10,777	10,033	10,777	10,033
Carried forward	**333**	**383**	**333**	**383**

12. Company Status

The Company is a registered charity constituted as a Company Limited by Guarantee and does not have share capital. The liability of each member is limited to £10, the maximum number of members being 20. The actual number of members at 31 August 2024 was 18 (2023 -14).

Notes to the Financial Statements

13. Unrestricted Funds

At 31 August 2024

Group	Opening balance	Incoming resources	Resources expended	Gains / (losses)	Transfers	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000
Restructuring reserve	237	-	-	-	(237)	-
Production reserve	2,002	-	-	-	(2,002)	-
Transformation reserve	-	-	-	-	2,239	2,239
Pension reserve	4,186	-	-	(202)	-	3,984
Revaluation reserve	868	-	-	-	-	868
Income and expenditure	2,803	21,633	(21.321)	-	(71)	3,044
Total Group funds	**10,096**	**21,633**	**(21,321)**	**(202)**	**(71)**	**10,135**

Company	Opening balance	Incoming resources	Resources expended	Gains / (losses)	Transfers	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000
Restructuring reserve	237	-	-	-	(237)	-
Production reserve	2,002	-	-	-	(2,002)	-
Transformation reserve	-	-	-	-	2,239	2,239
Pension reserve	4,186	-	-	(202)	-	3,984
Revaluation reserve	868	-	-	-	-	868
Income and expenditure	16	15,556	(15,307)	-	(71)	194
Total Company funds	**7,309**	**15,556**	**(15,307)**	**(202)**	**(71)**	**7,285**

The Designated funds are made up of the Restructuring and Production reserves as detailed below.

A 'Restructuring' reserve has been designated to enable investment in change and forms part of the Company's unrestricted reserves. It also incorporates what was formerly known as the Media fund.

The 'Production' reserve is set aside to support the planning of an ambitious repertoire in future years, especially important with the long planning lead times for large-scale operas and to support exploitation of the Company's work.

The 'Transformation Reserve' is a designated fund established to support the organisation's transition to a new operational structure over the next 3 years. It will be used to finance key activities essential for this transformation, including restructuring operations, investing in new technologies and processes, staff training, infrastructure changes, and professional services directly related to the transformation. The fund has been allocated from unrestricted funds and is monitored regularly to ensure expenditure aligns with the strategic objectives of the transformation plan.

Notes to the Financial Statements

13. Unrestricted Funds (continued)

At 31 August 2023

Group	Opening balance	Incoming resources	Resources expended	Gains / (losses)	Transfers	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000
Restructuring reserve	437	-	-	-	(200)	237
Production reserve	2,002	-	-	-	-	2,002
Pension reserve	2,696	-	-	1,490	-	4,186
Revaluation reserve	868	-	-	-	-	868
Income and expenditure	4,373	18,921	(20,840)	(32)	381	2,803
Total Group funds	**10,376**	**18,921**	**(20,840)**	**1,458**	**181**	**10,096**

Company	Opening balance	Incoming resources	Resources expended	Gains / (losses)	Transfers	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000
Restructuring reserve	437	-	-	-	(200)	237
Production reserve	2,002	-	-	-	-	2,002
Pension reserve	2,696	-	-	1,490	-	4,186
Revaluation reserve	868	-	-	-	-	868
Income and expenditure	2,347	18,219	(20,899)	(32)	381	16
Total Company funds	**8,350**	**18,219**	**(20899)**	**1,458**	**381**	**7,309**

Notes to the Financial Statements

14. Restricted Funds

At 31 August 2024

Group and Company	Opening balance	Incoming resources	Resources expended	Revalue	Transfers	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000
Eira Francis Davies Bursary	-	35	(18)	-	218	235
Sheila and Richard Brooks	-	-	(98)	-	233	136
Peter Byng	-	-	-	-	87	87
Seligman Trust	76	-	-	-	(31)	45
Colwinston Trust	-	180	-	-	-	180
Arts Council England	-	1,944	(1,944)	-	-	-
Other	383	836	(397)	-	-	822
Total restricted funds	**459**	**2,995**	**(2,457)**	**-**	**507**	**1,505**

At 31 August 2023

Group and Company	Opening balance	Incoming resources	Resources expended	Revalue	Transfers	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000
Seligman Trust	76	2	-	(2)	-	76
Schaefer Bursary	18	-	-	-	-	18
C Ball Bursary	3	-	-	-	(3)	-
Parry Family Bursary	11	-	-	-	-	11
Other	242	267	-	-	(155)	354
Total restricted funds	**350**	**269**	**-**	**(2)**	**(158)**	**459**

Restricted funds are held for use under the conditions set out by the donors, such as for specific productions or to support types of musical or community activity.

Notes to the Financial Statements

15. Endowment Funds

At 31 August 2024

Group and Company	Opening balance	**Incoming resources**	**Interest Income**	Resources expended	Transfers	Closing balance
	£'000	**£'000**	**£'000**	£'000	£'000	**£'000**
Mary Warner Trust	1,440	-	**16**	(132)	(259)	**1,064**
RW Pethybridge	517	-	**5**	(422)	(100)	-
Seligman Legacy	1,336	**27**	**18**	(18)	-	**1,363**
Rolf Olsen Fund	400	-	**15**	(5)	61	**471**
Total endowment funds	**3,693**	**27**	**54**	**(578)**	**298**	**2,898**

At 31 August 2023

Group and Company	Opening balance	Incoming resources	Resources expended	Revalue	Closing balance
	£'000	£'000	£'000	£'000	**£'000**
Mary Warner Trust	1,432	38	-	(30)	**1,440**
RW Pethybridge	514	14	-	(11)	**517**
Sir John Moores Award	23	2	(23)	(2)	-
Seligman Legacy	-	1,336	-	-	**1,336**
Rolf Olsen Fund	-	400			**400**
Total endowment funds	**1,969**	**1,790**	**(23)**	**(43)**	**3,693**

The Mary Warner Trust is a permanent endowment created under the terms of a legacy and managed by a defined group of trustees for the objects set out in the gift: the training and development of tenors of Welsh origin.

The RW Pethybridge fund is an expendable endowment fund held for the benefit of the people of Wales who are disabled, elderly, or in prison.

The Sir John Moores Award fund is a permanent endowment held for the granting of an annual award for the career development of a young artist

Seligman Legacy - Income earned each financial year is to be used for the promotion of WNO Youth Opera, subject to the condition that an annual concert with tickets on sale to the general public being performed by the members of WNO Youth Opera to be called 'The Seligman Concert'.

Rolf Olsen - To provide Bursaries to support the professional development of young singers.

Notes to the Financial Statements

16. Analysis of Net Assets Between Funds

At 31 August 2024

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total £'000
Tangible fixed assets	1,496	-	-	1,496
Fixed asset investments	4,225	-	-	4,225
Net current assets	430	1,505	2,898	4,833
Pension reserve	3,984	-	-	3,984
Net assets	**10,135**	**1,505**	**2,898**	**14,538**
Company				
Tangible fixed assets	1,496	-	-	1,496
Fixed asset investments	4,225	-	-	4,225
Net current assets	(2,420)	1,505	2,898	1,983
Pension reserve	3,984	-	-	3,984
Net assets	**7,285**	**1,505**	**2,898**	**11,688**

At 31 August 2023

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total £'000
Tangible fixed assets	1,482	-	-	1,482
Fixed asset investments	1,537	54	1,447	3,038
Net current assets	2,891	405	2,246	5,542
Pension reserve	4,186	-	-	4,186
Net assets	**10,096**	**459**	**3,693**	**14,248**
Company				
Tangible fixed assets	1,482	-	-	1,482
Fixed asset investments	1,537	54	1,447	3,038
Net current assets	104	405	2,246	2,341
Pension reserve	4,186	-	-	4,186
Net assets	**7,309**	**459**	**3,693**	**11,461**

Notes to the Financial Statements

17. Pension Schemes

The disclosures below have been prepared for Welsh National Opera Limited (the "Company") in relation to benefits payable from the Welsh National Opera Limited Pension Scheme (the "Scheme").

There were no Company contributions to the Scheme for the year ended 31 August 2024, and Company contributions for the year ending 31 August 2024 are expected to be nil.

The valuation used for FRS 102 disclosures has been based on a full assessment of the liabilities of the Scheme as at to 31 August 2024. The present values of the defined benefit obligation were measured using the projected unit credit method.

The principal assumptions used to calculate the liabilities under FRS 102 are set out below:

	Assumptions		
	31 August 2024 % p.a.	31 August 2023 % p.a.	31 August 2022 % p.a.
RPI Inflation	3.10	3.25	3.50
CPI Inflation	2.70	2.80	3.05
Pension increases (Pre April 1997 in excess of GMP)	3.00	3.00	3.00
Pension increases (April 1997 – April 2005)	2.65	2.75	2.95
Pension increases (Post April 2005)	1.85	2.00	2.05
Discount rate for Scheme liabilities	4.95	5.40	4.30
Longevity for member currently aged 65:			
- Male	21.0	21.2	21.9
- Female	23.6	23.7	24.3
Longevity for member reaching 65 in 20 years:			
- Male	21.9	22.2	23.2
- Female	24.7	24.8	25.7

Notes to the Financial Statements

17. Pension Schemes (continued)

	Fair value of assets		
	31 August 2024 £'000	31 August 2023 £'000	31 August 2022 £'000
Equities	-	7,427	7,952
Over 15y Gilts Index	511	-	-
Index-linked gilts	4,397	5,921	6,074
Corporate bonds	-	1,498	1,541
Buy & Maintain Credit	10,006	-	-
Other	134	85	81
Total	**15,048**	**14,931**	**15,648**

Reconciliation of funded status to balance sheet

	Value at 31 August 2024 £'000	Value at 31 August 2023 £'000
Fair value of Scheme assets	15,048	14,931
Present value of funded defined benefit obligations	(11,064)	(10,745)
(Deficit)/surplus	**3,984**	**4,186**
(Liability)/asset recognised on the statement of financial position	3,984	4,186

Analysis of profit and loss

	Value at 31 August 2024 £'000	Value at 31 August 2023 £'000
Administration expenses	-	-
Net interest cost	(226)	(116)
Past service cost	-	-
Expense recognised in profit and loss	**(226)**	**(116)**

Notes to the Financial Statements

17. Pension Schemes (continued)

Changes to present value of the defined benefit obligation

	Value at 31 August 2024 £'000	Value at 31 August 2023 £'000
Opening defined benefit obligations	10,745	12,952
Administration expenses	-	-
Interest cost	564	548
Remeasurement (gains)/losses		
- Actuarial losses on Scheme liabilities in respect of assumptions	521	(2,271)
- Actuarial losses on Scheme liabilities in respect of experience	(91)	359
- From change in demographic assumptions	(55)	(429)
Net benefit paid out	(620)	(414)
Past service cost	-	-
Closing defined benefit obligation	**11,064**	**10,745**

Changes to the fair value of Scheme assets

	Value at 31 August 2024 £'000	Value at31 August 2023 £'000
Opening fair value of Scheme assets	14,931	15,648
Interest income on Scheme assets	790	664
Actuarial gains/(losses)		
- Return on Scheme assets less interest Income	(53)	(967)
Contributions by the Company	-	-
Net benefits paid out	(620)	(414)
Closing fair value of Scheme assets	**15,048**	**14,931**

Analysis of amounts recognised in the Statement of financial activities

	Value at 31 August 2024 £'000	Value at31 August 2023 £'000
Return on Scheme assets less interest income	53	967
(Losses)/gains on financial assumptions	521	(2,271)
(Losses)/gains on demographic assumptions	(55)	(429)
Experience Gains on Scheme liabilities	(91)	359
Total (loss)/gain	**428**	**(1,374)**

17. Pension Schemes (continued)

Actual return on Scheme assets

	Value at 31 August 2024 £'000	Value at 31 August 2023 £'000
Interest income on Scheme assets	790	664
Return on Scheme assets less interest income	(53)	(967)
Total return on Scheme assets	**737**	**(303)**

18. Additional Information on Subsidiaries

Welsh National Opera Limited has two subsidiaries:

Cardiff Theatrical Services Limited - company registration 01705868 which is incorporated in the UK.

Registered office - Ellen Street, Cardiff, CF10 4TT

Acquired by Welsh National Opera Limited for £nil on 1 April 1989, the share capital of Cardiff Theatrical Services Limited comprises 90 ordinary shares of £1 which are all wholly owned by Welsh National Opera Limited.

The purpose of Cardiff Theatrical Services Limited is to act as the trading arm of Welsh National Opera Limited, primarily undertaking sales of theatrical sets, costumes and properties and transportation for Welsh National Opera Limited and external parties. Theatrical sets are produced within a production division of Welsh National Opera Limited and charged to Cardiff Theatrical Services Limited at full cost.

The trading results of the subsidiary were as follows:

Years to 31 August:	2024 £'000	2023 £'000
Turnover	3,414	2,411
Cost of sales	3,141	2,410
Gross profit	**273**	**1**
Administrative expenses	(19)	(8)
Operating profit/(loss)	**254**	**(7)**
Gift Aid to parent company	(250)	-
Profit/(Loss) before taxation	**4**	**(7)**
Taxation	-	-
Profit/ (loss) for the financial year	**4**	**(7)**

The aggregate of the assets, liabilities and funds was:

At 31 August	2024 £'000	2023 £'000
Assets	1.113	542
Liabilities	(1,139)	(572)
Shareholder funds	**(26)**	**(30)**

Notes to the Financial Statements

18. Additional Information on Subsidiaries (continued)

Included within turnover and cost of sales is inter-company trade

At 31 August	2024 £'000	2023 £'000
Sales	135	183
Purchases	2,907	2,418
Amounts outstanding at year end	**519**	**185**

Statement of Changes in Equity

Company	Share capital £	Profit and loss reserves £	Total £
Balance at 1st September 2022	90	(23,210)	(23,120)
Year ended 31 August 2023:			
Profit and total comprehensive income for the year	-	(7,242)	(7,242)
Distributions to parent charity under gift aid	-	-	-
Balance at 31 August 2023	**90**	**(30,452)**	**(30,362)**
Year ended 31 August 2024:			
Profit and total comprehensive income for the year	-	**4,264**	**4,264**
Balance at 31 August 2024	**90**	**(26,188)**	**(26,098)**

Notes to the Financial Statements

18. Additional Information on Subsidiaries (continued)

WNO Productions Limited – company registration 09247950 which is incorporated in the UK.

Registered office – Wales Millennium Centre, Bute Place, Cardiff CF10 5AL

Formed by Welsh National Opera Limited on 3 October 2014, the share capital of WNO Productions Limited comprises 100 ordinary shares of £1 which are all wholly owned by Welsh National Opera Limited.

The purpose of WNO Productions Limited is to create and prepare theatrical productions for the Welsh National Opera Group of companies.

The trading results of the subsidiary were as follows:

Years to 31 August:	2024 £'000	2023 £'000
Turnover	11,123	11,621
Cost of sales	(11,100)	(11,608)
Gross profit	**23**	**13**
Administrative expenses	(23)	(13)
Operating profit / (loss)	-	-
Profit / (Loss) before taxation	-	-
Theatre tax relief on productions	2,876	2,81-
Profit retained in subsidiary	**2,876**	**2,814**

The aggregate of the assets, liabilities and funds was:

At 31 August	2024 £'000	2023 £'000
Assets	2,899	2,829
Liabilities	(23)	(13)
Shareholder funds	**2,876**	**2,816**

Notes to the Financial Statements

18. Additional Information on Subsidiaries (continued)

	2024	2023
	£'000	£'000
At 31 August		
Sales	11,100	11,621
Purchases	11,100	11,621
Amounts outstanding at year end	**23,021**	**12,647**

Statement of Changes in Equity

Company	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1st September 2022	100	2,045,584	2,045,684
Year ended 31 August 2023:			
Profit and total comprehensive income for the year		2,780,438	2,780,438
Distributions to parent charity under gift aid		(2,043,568)	(2,043,568)
Balance at 31 August 2023	100	2,782,454	2,782,554
Year ended 31 August 2024:			
Loss and total comprehensive income for the year	**100**	**2,875,821**	**2,913,801**
Distributions to parent charity under gift aid	**100**	**(2,782,454)**	**(2,782,454)**
Balance at 31 August 2024	**100**	**2,875,821**	**2,913,801**

Notes to the Financial Statements

19. Related Parties

Welsh National Opera Limited has connections to the following independently registered charities:

Welsh National Opera Benevolent Trust (charity 1085756).

At 31 August	2024	2023
	£	£
Income received	170	454
Funding awarded	-	-
Debtor	-	-

Welsh National Opera Endowment Fund (charity 1146595).

At 31 August	2024	2023
	£	£
Investment income	46,952	38,914
Bursaries applied for	17,588	20,000
Debtor	76,424	76,423
Creditor	19,328	21,740
Value of portfolio	1,071,061	1,015,958

Consolidated Statement of Financial Activities 2023

Incorporating the income and expenditure account for the year ended 31 August 2023

Years to 31 August:	Note	Unrestricted funds £'000	Restricted funds £'000	Endowed funds £'000	Total 2023 £'000	Total 2022 £'000
Income from:						
Charitable activities	2a	2,728	-	-	2,728	4,150
Donations		849	217	400	1,466	774
Legacies		125	50	1,336	1,911	132
General grants	2a	10,033	-	-	10,033	10,848
Trading income		2,349	-	-	2,349	2,156
Investment income		23	2	56	79	102
Total income		**16,107**	**269**	**1,790**	**18,166**	**18,162**
Expenditure on:						
Charitable activities		17,962	-	-	17,962	17,752
Raising funds		344	-	-	344	356
Trading expenditure		2,418	-	-	2,418	2,061
Total expenditure	2b	**20,724**	-	-	**20,724**	**20,169**
Net (losses)/gains on investments	7b	(32)	(2)	(43)	(77)	(6)
Net income/(expenditure) before tax		**(4,649)**	**267**	**1,747**	**(2,636)**	**(2,013)**
Taxation	18	2,814	-	-	2,814	2,044
Net income/(expenditure) for the year	3	**(1,835)**	267	**1,747**	**179**	31
Transfers						
Transfer from Endowment	13	23	-	(23)	-	-
Transfer from restricted funds		158	(158)	-	-	-
Other gains/losses						
Actuarial (losses)/gains in the defined benefit pension scheme	17	1,374			1,374	1,664
Net movement in funds		(280)	109	1,724	1,553	1,695
Fund balance brought forward		10,376	350	1,969	12,695	11,000
Fund balance carried forward		10,096	459	3,693	13,834	12,695

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities. The notes on pages 28 to 55 form part of these financial statements.

No separate income and expenditure account is presented for the parent Company in accordance with the provisions of s.408 of the Companies Act 2006. The total income for the parent company is £20,278,000 (2022 - £16,568,000). The result reported in the accounts of the parent Company is a deficit of £792,000 (2022 - deficit £1,507,000).

Reference and administrative details

Company Details

Welsh National Opera Limited

(Company limited by guarantee and without share capital)

Registered office	Wales Millennium Centre Bute Place Cardiff CF10 5AL
Company number	00454297 (registered in England and Wales)
Charity number	221538
VAT registration	GB 218 9895 51

Professional Advisers

Auditor	Azets Audit Services Ty Drew Lime Tree Court Cardiff Gate Business Park Cardiff CF23 8AB
Solicitors	Eversheds LLP 1 Callaghan Square Cardiff CF10 5BT
Bankers	Lloyds Bank plc 31 Queen Street Cardiff CF10 2AG

Bank deposits are also held at National Westminster and Barclays.

Investment Managers

Brewin Dolphin
5 Callaghan Square
Cardiff CF10 5BT

Directors and Officers

Board of Directors and Committees

The directors are also the Company's charitable trustees. The directors who served throughout the financial year, unless otherwise stated, and the committees they attend, are shown below:

Name		Designation	Main Board	Audit & Risk (ARC)	Nom & Rem	CTS	Endowment Fund	Artistic Advisory	Change	Health & Wellbeing	All Wales
Yvette Vaughan Jones		Chair	X		X	X					
Nicola Amery		Trustee	X		Chair				X		
Manon Edwards Ahir		Trustee	X							Chair	X
Prof Medwin Hughes		SID	X		SID				X		Chair
Henry Little		Trustee	X		X			Chair	X		
Dr Arun Midha		Trustee	X	X							X
Claire Pillman		Trustee	X		X		X				X
Aileen Richards		Trustee	X			X			Chair	X	
Martyn Ryan	(Resigned 26/02/2024)	Trustee	X	Chair			Chair		X		
Dr Chitra Bharucha	(Resigned 21/10/2023)	Trustee	X								
Lynne Berry	(Resigned 23/10/2023)	Trustee	X								
Samuel Jones	(Resigned 24/10/2023)	Trustee	X								
Harriet Feilding	(Appointed 31/10/2023)	Trustee	X	X			X				
Kenon Manon	(Appointed 30/10/2023)	Trustee	X			X			X		
Donald Maxwell	(Appointed 18/12/2023)	Trustee	X					X			
Geraint Jones	(Appointed 30/10/2023)	Trustee	X	X							X
Paul Hughes	(Appointed 30/10/2023)	Trustee	X		X			X			
Nan Williams	(Appointed 30/10/2023)	Independent	Co-opted								
Stephen Harrison		Independent				Chair					
Gerain Davies		Independent		Chair			X				
Nigel Goldsworthy		Independent		X							

The Board meets a minimum of six times per year, delegating appropriate matters to the Audit & Risk and Nominations committees. Each committee determines its own frequency for meetings subject to the requirement to meet at least twice each year.

Executive Team

Christopher Barron	Interim General Director	(Appointed 08.01.2024)	(Resigned 30.09.24)
Stephanie Bradley	Executive Director	(Appointed 21.11.22)	(Resigned 30.09.24)
Adele Thomas	Joint General Director/CEO	(Appointed 02.01.25)	
Sarah Crabtree	Joint General Director/CEO	(Appointed 02.01.25)	
Jan Michaelis	Interim General Director	(Appointed 01.10.24)	(Resigned 31.01.25)
Tomáš Hanus	Music Director		

Senior Management Team

Tom Doster	Director of Finance & IT	(Appointed 01.09.2023)	(Resigned 09.08.2024)
Sarah Boswell	Director of Development & External Relations	(Resigned 06.02.25)	
Emma Flatley	Director of Engagement and Partnerships		
Jan Michaelis	Technical Director	(Resigned 26.06.24)	
Alison Woodward	Director of People & Culture	(Resigned 10.05.24)	
Kate Baylis	Director of Artistic Administration		
Nadine Holloway	Interim Director of Finance	(Appointed 01.10.24)	

WELSH NATIONAL OPERA LIMITED

England & Wales - Charity number 221538

Accounts

WELSH
NATIONAL
OPERA
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Annual Report and Financial Statements

Year ended 31 August 2023

Welsh National Opera Limited

(Company limited by guarantee without share capital)

Company Number: 00454297 (England and Wales)

Charity Number: 221538

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Introduction

The trustees are pleased to present their annual directors' report which incorporates the strategic report, together with the financial statements of the activity for the year ending 31 August 2023, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2019)".

Charitable Objectives

WNO's charitable objects are "... to promote and assist in the advancement of education so far as such promotion and assistance shall be of a charitable nature and in particular, so far as of a charitable nature, to procure and increase the appreciation and understanding of the dramatic art in all its forms in Wales and elsewhere." These words are taken from WNO's Memorandum of Association.

Vision

We bring together people from all walks of life to create and experience extraordinary opera, to enhance lives, strengthen communities and enrich all the places in which we focus our work.

The Strategic Plan 2023-27 supports the transformation of Welsh National Opera to ensure the company retains its national and international status, utilising a network of local hubs that are designed to build close bonds between the company and its respective communities. Its programming will be a blend of performances and participatory projects, with a special emphasis on co-created work. The overarching goal is to make the work relevant at all times, finding connections between the work itself and the lived experiences of the audience.

Values

We are:

Inclusive – We have a workplace culture where all people are respected and valued.

Collaborative – We work as a team to achieve common goals.

Dynamic - We challenge ourselves creatively and encourage new ideas.

Generous - Our people use their talent, knowledge, and skills with a generosity of spirit.

Responsible - We act with integrity and accountability.

Chair's Statement

Once again, I am immensely proud to look back on a year where WNO performed outstanding work to critical and public acclaim. The Makropulos Affair was nominated for a Sky Arts award, Blaze of Glory! and Candide received 5-star reviews, Play Opera LIVE played to full houses and our 'Wellness with WNO' programmes impacted on so many lives. The WNO team should be congratulated for their dedication and superb work.

It is impossible look back at the 2022-23 season, however, without mentioning the outcome of the Arts Council England Investment Review and its impact on Welsh National Opera, in both the short and medium term. While we are, of course, grateful to be included in ACE's National Portfolio for 2023-2026, as the largest provider of main scale opera in England's regional touring circuit, we struggled to reconcile a substantial cut of £2.1 million to our core funding with the UK Government's 'levelling up' agenda. A misalignment between ACE's funding year (April-March) and WNO's August financial year end meant that we had to make some swift decisions as to how some of the shortfall might be mitigated within the first funding year. The decision was therefore made to drop Liverpool from our touring schedule with immediate effect, and to drop a production from the Autumn 2023 tour.

ACE's cut equated to 35% of its previous level of funding, and to balance this, ACE proposed that WNO's English touring be reduced from eleven weeks to seven. In order to manage such a drop in funding, WNO was invited to apply to ACE's 'Transform' programme, which helps organisations who have lost funding to bridge the funding gap over a three-year period. Happily, WNO was successful with its application, resulting in an allocation of £3.25 million.

Covid was still present in the minds of many of our audiences throughout the year, and it was not until Easter that we finally saw the green shoots of a return to something like the audience levels we would have expected prior to the pandemic. It is testament to the spirit of the company that the quality of the performances was undimmed, even when they were played to half-full theatres.

The slow audience return was even more disappointing given the strong nature of the autumn tour. The opening production of the autumn season was Janáček 's The Makropulos Affair, in a co-production with Scottish Opera. Our Music Director Tomáš Hanus expertly conducted the performances using his own critical edition of the score, and in the expert hands of director Olivia Fuchs, an extremely strong cast led by Angeles Blancas Gulin as Emilia Marty and Nicky Spence as Albert Gregor, the production received universal acclaim. It was an occasion when all the elements of opera - music, theatre and design - combined in an evening of unusual cohesion and intensity. Proof of the production's strength was to come later in the tour, when the company presented it in the 2022 Janáček Festival in Brno, the composer's hometown. Standing ovations were received for both The Makropulos Affair and the virtuosic concert that the WNO Orchestra played the previous night, in which the orchestra were joined by the Central Band of the Czech Armed Forces for Janáček's Sinfonietta.

After its successful premiere in Cardiff during the summer, we continued our performances of Will Todd's Migrations throughout the autumn tour, albeit with some cast changes that were brought about due to Covid-related withdrawals. The multiple narratives of the work required us to engage performers from different disciples than usual - a Gospel choir, Bollywood performers and our Youth Opera – and the logistics of touring such a large company certainly provided challenges. But it was gratifying to see how well the work was received in our different cities. Creating any new opera is a risk, regardless of its scale, so it was gratifying to see how well the urgent themes contained within Migrations resonated with our audiences. The tour was completed with a revival of La bohème, notable for the WNO debut of conductor Pietro Rizzo.

The spring season featured two new productions. The Magic Flute was performed in a production directed by Daisy Evans in her own translation. The brief was to create a production that would speak to young

Chair's Statement (continued)

audiences, and to this end, Daisy retold the story through the eyes of a young person, as well as reshaping some of the musical sequences. Given the number of performances, we engaged a double cast, which included young performances from the Royal Welsh College of Music & Drama and the WNO Youth Opera. The conductor, Paul Daniel, made his WNO debut, and further performances were conducted by Teresa Riviero Böhm and Frederick Brown. The second production of the tour was the world premiere of Blaze of Glory!, by David Hackbridge Johnson to a very witty libretto by Emma Jenkins. Blaze of Glory! had originally been programmed to be performed in the mid-scale touring circuit, but the pandemic caused its postponement. This hiatus gave the opportunity to the creative team to expand the piece so that it should take its place on our main stages. This change proved worthwhile, and the result was a triumph. As well as being a vehicle for the WNO Chorus, it included strong performances from Jeffrey Lloyd Roberts and Rebecca Evans in the two leading roles, as well as the participation of a local Male Voice Choir in each performance, eight of them in total. The central message of Blaze of Glory! – that music, and singing in particular, has the power to heal wounds and bring communities together – seems especially appropriate in these times when the performing arts sector is under such threats to its existence.

The WNO Orchestra goes from strength to strength, and during the course of the year delivered concerts in St David's Hall and on tours around Wales and England. It accompanied rounds of the Cardiff Singer of the World, as well as the final of the British Black Classical Federation's competition the Voices of Black Opera. But the crowning glory has to be its appearance at the opening concert of the Prague Spring Festival, an occasion shown on live Czech TV and graced by the president of the Czech President, Petr Pavel. The programme for the opening concert is always Smetana's sequence of symphonic poems Ma Vlast, and the honour of giving the concert is usually given only to the very top orchestras in the world. This concert, along with the visit to Brno, served as ample proof of WNO's proud role as a major cultural ambassador for Wales.

The mainstage programme ended with a production of Leonard Bernstein's Candide. Conducted by Karen Kamensek, and with a creative team led by director James Bonas, Candide entertained its audiences thoroughly, including at new venues like Theatr Brycheiniog and the Hall for Cornwall in Truro. The big point of difference in the production was the interaction between the live singers and the design which were mostly comprised of the brilliant projected animations of Grégoire Pont.

There is, of course, much more to WNO's work that its largescale opera productions and concert. Its Programmes & Engagement team produces a wide range targeted at different sectors in the community. The largest project this year was the WNO Youth Opera production of Shostakovich's operetta Cherry Town, Moscow. Directed by Daisy Evans and conducted by Alice Farnham, Cherry Town, Moscow gave an opportunity to over 30 singers in the older age group to sing in a full production on the stage of the Donald Gordon Theatre and accompanied by the WNO Orchestra. Our younger Youth Opera groups, involving 65 young singers aged between 11- 18, spent worked throughout the year towards their annual showcase, The Pied Piper of Hamelin and The Crab that played with the Sea, based on Rudyard Kipling's Just So Stories. This was generously supported by the generous bequest of the late David Seligman.

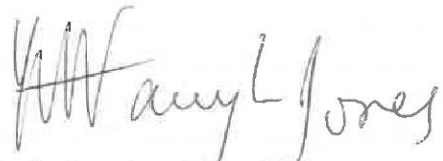
In the more intimate surroundings of the Weston Studio, we also gave performances of The Shoemaker, a new commission that was borne of a partnership between WNO, Oasis Cardiff and Fio. The music and storyline of The Shoemaker were the fruit of months of collaborative work with artists of all disciplines who have sought sanctuary in Cardiff, and the result was a moving opera that reminded us of the power that come from a truly collaborative project.

Our 'Wellness with WNO' programme has continued to grow, supporting a wide range of health issues, and working in partnership with the NHS across Wales.

Chair's Statement (continued)

This includes our Long Covid programme, funded by seven health boards across Wales, our A HIV awareness programme with young people and a new programme, working with Swansea Bay Health Board Paediatrics team, to support young people with generalised anxiety following the pandemic. Through our regular sessions in the Geriatric Rehabilitation wards of three hospitals, we continue to bring live opera to those who can no longer access the arts, and our 'Cradle Choir' for people, carers and families experiencing Dementia was expanded from Milford Haven, to include Llandeilo and Llanelli.

While it is impossible to ignore the difficult path that lies ahead for WNO, a look back at the highlights of the past year reminds us of why we are here in the first place. An arts organisation is judged by the quality of what it does, and the range and variety of our work over the past year has been remarkable. That work would not be possible without the continued support of its key stakeholders, and we are incredibly grateful to both the Arts Council of Wales and Arts Council England, together with the large number of trusts, foundations and private individuals who support our work. One look at the faces of our audiences at the end of a performance, be it in a classroom or a large theatre, generally tells us that the investment in our work has paid off.



Yvette Vaughan Jones, Chair

Dated:

Strategic Report

Business Performance

The Company started the year with a strong financial reserves position, the reduction of ACE funding from 1st April 2023, had an adverse impact of £0.88m on the 2022-23 financial year, this was compounded by the slow return of audiences post the Covid-19 pandemic which continued to drive a high level of uncertainty in our financial forecasts for the year. Therefore, our 2022-23 financial year forecasts accommodated the reduction in ACE funding and box office sales income to allow time for audience confidence to improve and return to theatres.

The 2022-23 programme featured seven operatic titles. The Autumn season consisted of *The Makropulos Affair*, *La bohème*, *Migrations*, and the Youth Opera production of *Cherry Town, Moscow*. Even a year after our return from the pandemic, the audiences were still lower than had been hoped for; but after Easter, and amid our Spring season (*The Magic Flute* and *Blaze of Glory!*), we finally saw the shoots of recovery. The season was rounded off with a successful production of *Candide*, which played on a short tour, including some venues new to WNO. The Autumn season saw sales of 21,000 seats, which represented 47% occupancy of the theatres' capacity and 73% of our financial target. In Spring, the figures were 26,000 attendees, 53% of capacity and 79% of the financial target.

Geographic Reach

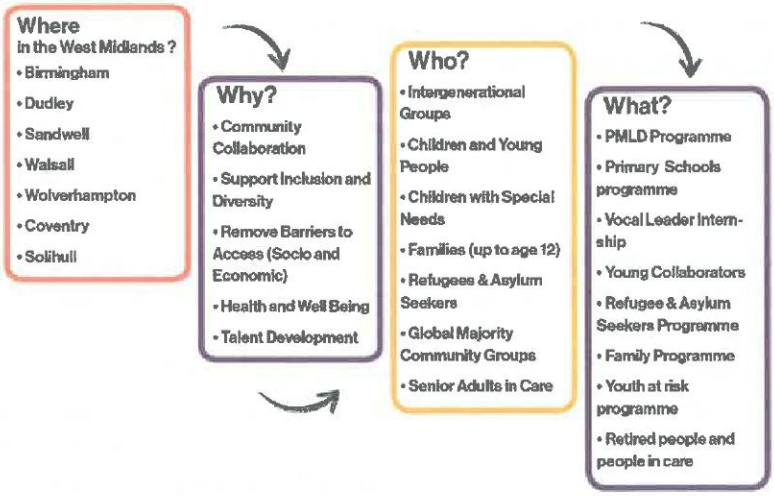
During the year our Programme and Engagement activity continued in communities with a focus being delivered in Wales and West Midlands.

Engagement Programme England

Our programme in England and Wales has been intergenerational, working with early years through to those in retirement and developed around supporting greater access for people from global majority and low-income backgrounds. In 2022-23 85 % of our participants in the West Midlands were from these protected characteristics. We also focused our work on supporting access to opera for young people with profound and multiple learning difficulties (PMLD), working with academics and practitioners in this field, alongside an ongoing partnership with Holte and Mayfield Special School in Birmingham; to create a bespoke operatic concert for PMLD children 'Opera Tutti'. This is the first of its kind in the UK for opera and we are proud to have reached a point where it can be upscaled and rolled out across the UK with further investment.

During 2022 we also enjoyed a fruitful partnership with the leading children's charity Barnardos working with young people who are at risk or who had been victims of domestic abuse. We continued our partnership with St Chads Sanctuary programme, working with Asylum seekers; and continued an ongoing relationship with Music Services both in Birmingham and across the Black Country by working extensively with schools. We continued to deliver programmes with Birmingham Conservatoire and Wolverhampton University, with the Sandwell Cultural Education Partnership and Birmingham Early Years Consortium. We also developed links with the regional Cultural Education Partnerships to strengthen our network around local needs. WNO also

became part of the digital network through Birmingham Arts School, part of the city's Cultural Education Partnership with a collective aim to reach young people from under-served communities.



Programmes and Engagement in the West Midlands					
Cost per year	**Cost per head**	**Number of people reached: 22-23**	**Number of young people reached:**	**Number of Sessions 22-23**	**Number of people reached since 2017**
£154,000	**£25**	**5,972**	**4,072**	**10,099**	**49,000**

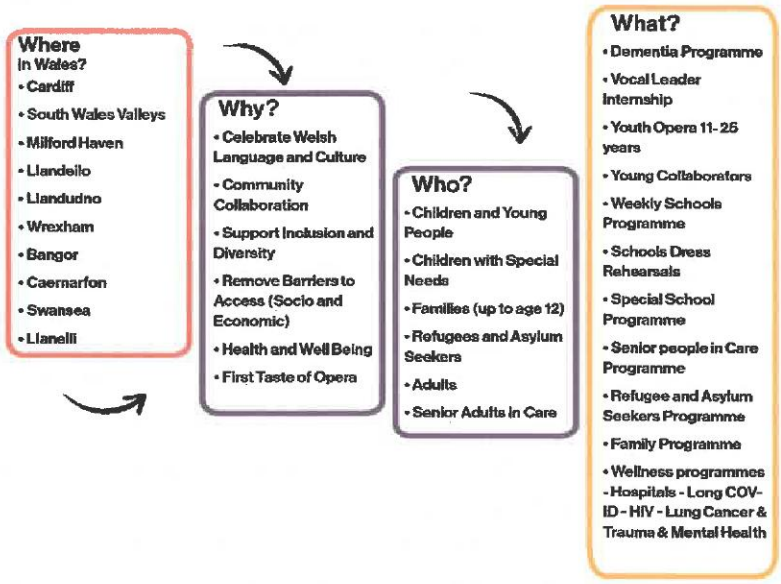
Engagement Programme in Wales

In Wales we have extended our reach throughout North Wales, developing new relationships with Galeri in Caernarfon, Canolfan Gerdd William Mathias where we ran a successful Welsh language programme with local schools partnering with Belfast-based Invisible Traffick and the Brave Bear Trust International, who work to keep children safe from exploitation.

Wellness with WNO has continued to grow, supporting a wide range of health issues in partnership with the NHS across Wales, supporting us to deliver our Long Covid programme where we are continuing to work with all 7 health boards. Our HIV awareness programme with young people using music, song and composition has seen us partner with Fast Track Cardiff, Pride Cymru and Mermaids; and a new programme working with Swansea Bay Health Board Pediatrics team was established, to support young people with generalised anxiety following the pandemic in partnership with Pontardulais Comprehensive School. Our relationship with the Health Boards has helped us secure additional investment working with other health issues, including cancer recovery and trauma, where we have been maximising our learning to support wider health issues. Further investment from Velindre Cancer Centre, Cardiff, has allowed us to develop an emerging partnership to look at how we will provide breathing optimisation-rehabilitation courses for lung-cancer patients and support for anxiety management for patients just completing radical radiotherapy treatment. We will turn this pilot partnership into a formal piece of research next year, subject to ethics approval.

We have continued to bring live opera to people who can no longer access or take part in the arts through our regular sessions at the University Hospital of Wales, St David's Hospital Cardiff, and Neath Port Talbot Hospital in the Geriatric Rehabilitation wards, for elderly patients and their families and by working in care homes across South Wales. We have also been responding to the needs of an ageing population and those experiencing social isolation in rural areas of mid and West Wales, by expanding our 'Cradle Choir' for people, carers and families experiencing Dementia.

In Cardiff, our five-year partnership with Oasis Centre, a charity supporting asylum seekers and refugees, has continued with several well attended opera and Iranian music events and a celebration for Nowruz , the Iranian New Year; alongside a co-created, newly commissioned work The Shoemaker written, composed and performed by artists involved in the WNO Oasis partnership.



Throughout the period, Arts Council England and Arts Council Wales levels of funding, provides a high level of assurance needed to plan a full season of activity. We are also deeply grateful to the many individuals, trusts and foundations, and corporate partners who maintained their support of WNO throughout this very challenging period. Expenditure across all areas of the company has been managed effectively in the year.

External Factors

As WNO continues to work within an environment of the most challenging of circumstances caused by the continuing economic uncertainty of post Covid recovery, Brexit, and the cost-of-living crisis. The return of our audiences to theatres and live performances remains a challenge, but we are seeing a positive improvement in ticket sales for the Autumn season of 2023.

The UK government's 'levelling up' aim to **increase prosperity, widen opportunity, and ensure no region is left behind** has had a significant impact on the Arts Council England funding agreements from 1 April 2023 to March 2026.WNO operating area within the regional model of delivery for opera in England has been redefined and focused to the South West of England. Therefore, previous community projects and activities delivered from the WNO West Midland hub has been reviewed to understand if there is capacity and capability of resources available within the South West of England. WNO are currently either refreshing existing or identifying new partnerships to facilitate the Programme and Engagement activity within Plymouth and Southampton areas. In response to the high-profile outcry to undertake a wide scale opera review involving

the opera companies, ACE commissioned a piece for work during summer 2023 and we are still awaiting the outcome and recommendations.

The recent round of the investment review for Arts Council Wales is in progress with WNO receiving a provisional announcement of a three year allocation of £4.1 million which equates to a £0.4 million funding cut from April 2024. The provisional announcement is subject to Welsh Government budget allocation to ACW, which was cut by circa 10% in the December 2023 draft budget notification. This is still subject to ratification by Welsh Government and WNO anticipate that their allocation will be confirmed by end of February 2024.

WNO acknowledges that working in this challenging environment requires the company to be more responsive to the changing and diverse needs of our audiences and to deliver our offer in the most efficient and effective way. To continue to deliver word class performances and our targeted activities in the communities we serve, we need to reshape our delivery model to respond to the changing needs of our environment and audiences. The new operating model will build upon the strong and effective relationships we already have in place and continue to develop and nurture talent to ensure the arts ecology remains strong in Wales and the wider UK.

Audiences

Welsh National Opera continued its recovery in the 2022-2023 season. Although the audience numbers increased, it wasn't at the pace initially anticipated. A survey conducted during the previous season confirmed an expected change in audience behaviour. Late bookings increased significantly, likely due to cost-of-living concerns, which is a wider trend. Despite this, the box office revenue increased by 24% in 2022-2023, achieved with a reduced number of performances compared to the previous year.

Results from post-show surveys conducted during the 2022-2023 Season revealed that 82% of respondents had attended WNO performances in the past, which was consistent with the figures recorded in 2018-2019. This suggests that audience loyalty to WNO has remained steady over the years. Therefore, audience development should aim to build on this loyalty while also attracting new audiences from a more varied and diverse background.

During the Autumn of 2022, there was a spike in Covid cases which caused instability and uncertainty among bookers. Consequently, the confidence of people in returning to theatres was impacted. However, WNO managed to attract new audiences for the Season with a balanced programme. The Makropulos Affair was well received by both the audience and critics. It benefited greatly from word of mouth and strong reviews, particularly from traditional opera bookers. In addition, La boheme was an excellent production to reach new audiences. The traditional nature of the production allowed WNO to sell the classic opera experience to those who have opera on their "bucket list". However, some venues had three performances, which was perhaps one too many for a production that has regularly been revived. Migrations was successful in attracting a more diverse and younger audience. The post-show survey reported that 16% of respondents were 44 or under, compared to 11% for the 2022-2023 average. Moreover, the number of respondents who identified as White dropped from 98% to 90%.

During the Spring Season of 2023, we had the opportunity to continue building on the successful audience work achieved with La boheme by presenting Blaze of Glory! The light-hearted operetta approach welcomed crossover from musical theatre. The Welshness of the production was also positively noted by audiences in both England and Wales. With 11 performances, the production exceeded its audience targets by 106% and achieved a financial target of 114%.

In contrast, The Magic Flute was consistently divisive, and during the tour, three performances may have been too many. This was partly due to mixed reviews, which impacted on the momentum of ticket sales. The objective of this contemporary production was to appeal to a younger audience. While it was difficult to determine if this was achieved through data, surveys and anecdotal evidence suggest there was some success in attracting a younger audience. The title helped drive sales to a more traditional audience.

Throughout the 2022-2023 Season WNO's programme and engagement work continued to grow in breadth and reach through projects that complemented our main stage activity and standalone projects within our communities. Through this work WNO is reaching thousands of new audiences and participants who would otherwise not be given the chance to experience opera.

Moving the Youth Opera production, Cherry Town, Moscow on to the main stage showcased great success in broadening the traditional audience base. Instead of limiting the production to family and friends of the participants, it reached a wider audience of 1,000 individuals over two performances. This also allowed the participants to experience a full opera production, providing them with an extraordinary opportunity. Play Opera LIVE attracts a younger audience, including many who have not previously experienced WNO performances. The performance in Cardiff was a resounding success, with a sell-out show. Although audiences in other venues are still growing, steady progress is evident and if we are to build the opera audiences of tomorrow then it is essential to maintain consistent visits to these venues to maximise audience development. Likewise, the Schools Concert series proved to be highly popular, with all four venues selling out and reaching a total of 4000 pupils so it is encouraging to observe such strong demand for these educational initiatives, highlighting the importance of engaging with schools and fostering a love for opera among the younger generation.

Alongside these performances, the Programme and Engagement team are in our communities daily inspiring children, young people, families, those seeking sanctuary, those with long-term health conditions and intergenerational groups, among others, to develop a deeper understanding of opera through projects such as Wellness with WNO, Cradle Choir; Opera Tutti and The Brave Project. During 2022-2023 this work helped WNO reach almost 80,000 people.

WNO is committed to presenting operas that convey inspiration and provide exceptional experiences for both existing and new audiences. We will continue to prioritise audience development initiatives, collaborating with our touring partners and within communities to bring opera to as many people as possible.

Development and External Relations

Throughout the 2022-2023 period, our journey was truly remarkable. We curated 263 outstanding performances including mainstage, concerts and youth. Embarked on national and international tours, fostered emerging talents, and ignited the love of opera and classical music in the hearts of young and old.

The success of these endeavours was made achievable thanks to the steadfast support of our gracious syndicates, WNO Friends and Partners, donors, trusts and foundations, and corporate partners. They collectively contributed 6% of WNO's unrestricted income, highlighting the significant role played by these generous philanthropic sources.

Philanthropy isn't just a part of our story, it's the essence that fuels our visionary aspirations, creating a lasting impact and ensuring that the allure of opera and classical music transcends time for future generations.

While we gratefully acknowledge the steadfast support from Arts Council Wales and Arts Council of England, we take immense pride in independently generating income through philanthropy and nurturing flourishing corporate partnerships.

At the heart of our journey lies the cultivation of our greatest treasures: our exceptional artists and arts workers. Their talents, whether on stage, behind the curtains, in the classroom or community halls, breathe life into our mission, inspiring not only our audiences but also our corporate partners and philanthropic visionaries.

Our dreams are ambitious, and they're buoyed by the ambitious support of our visionary supporters, and partners. To the Welsh Government, Arts Councils, donors, corporate partners, and every individual who's contributed, your presence in our story empowers us to advance our vision of enriching lives through opera and classical music.

As we look ahead, our focus shifts towards ensuring sustainability and long-term investment through endowment. This strategic move aims to secure WNO's future, enabling meticulous planning for the next 5-10 years and setting the stage for the organisation's legacy for the next 50-100 years.

Our profound gratitude extends to all who have supported WNO thus far. Your commitment and generosity make our aspirations achievable, and we are deeply thankful for the trust and belief in the gift of opera. Especially during financially challenging times.

Organisational Capacity and Culture

In support of the WNO strategy a new People Strategy has been developed, that will focus on delivering a more diverse, modern, agile, creative and efficient workforce. We will have strong inspirational leadership and engaged colleagues who understand WNO's vision and strategic plan and the contribution they make to achieving them. We will ensure our colleagues are listened to and shape business decisions for the future.

Delivering the aims and objectives of our strategic plan will require organisational transformation. The greatest impact in terms of "the WNO employment experience" comes from the managers who work, develop, and build relationships with their teams on a daily basis. We want to ensure that every colleague feels valued and appreciated for the work they do, whilst ensuring they are listened to in shaping the business.

As an employer committed to equality and diversity, we understand our responsibility to foster a more inclusive organisation and will work with our teams to achieve accreditation for inclusive ways of working. We will also embrace our social credentials providing further opportunities to engage our colleagues in helping our communities.

Finance

The reliance upon public funding and the vulnerability that brings to government policy and funding cuts is a concern that needs to be addressed. Although WNO are moving to a period of public funding certainty, the recent funding cuts of ACE £2.2 million and ACW provisional £0.4m means the transformation of the company's operating model a priority. In recognition that the level of transformation required to reshape a fully contracted touring company model in the short term isn't achievable, due to internal restructuring timescales. In addition to the added complication that seasons are planned two to three years in advance,

WNO secured £3.25 million from the ACE Transform Stage 2 funding over a two year period. The additional funding is to facilitate the change and any additional costs associated with the transformation.

In January 2024, ACE announced that the 2023-26 National Portfolio Investment Programme will be extended for a further year, which will take the current allocation to March 2027.

Therefore, we are continuing to take a phased approach to reshaping our offer with a target date of being in a financially sustainable position by summer 2025. To support this phased approach a financial strategy is

being developed to support the new operating delivery model from 2024-2027., this will include reviewing and renegotiating the contractual arrangements of WNO colleagues, repertoire that retains quality and audience engagement and touring patterns that are affordable.

Board

The WNO Board met 6 times during 2022/23.

In October 2023 there were three resignations and in September 2023 the appointment of five new trustees. A further trustee is due to retire in February 2024. The Chair of the board was re-elected in September 2023 for a period agreed by the board. Details can be found in Directors' and Officers' note on page 56 of this report. All the appointments were made following an open and transparent recruitment and selection process, which included the use of advertising and recruitment and selection specialists.

Subsidiaries

WNO has two wholly owned subsidiaries. Details of both are included in note 18.

Cardiff Theatrical Services Limited was established in 1984 as the in-house workshop for WNO and has a reputation for building outstanding quality scenery for some of the World's leading performing arts companies, visitor attractions and exhibitions.

During 2022/23 CTS provided services for many different organisations including:

The Bridge Theatre, ATG Productions, Buddy the Elf Ltd, Summer Nights Productions, Glyndebourne Festival Opera, Royal Opera House, Royal Court Theatre, Mamma Mia The Party, Factory International, Chichester Festival Theatre, English National Opera, Wessex Grove Productions, Opera North, National Theatre, National Theatre Wales, Time Travel Productions, Bad Wolf, Wales Millenium Centre and Welsh National Opera,

WNO Productions Limited was set up in 2014 to create and prepare theatrical productions for the Welsh National Opera Group of companies.

Public benefit

Welsh National Opera's public benefits are covered by its vision and values as shown on page 2.

The directors have considered the Charity Commission's guidance on public benefit when reviewing the Company's aims and objectives and in planning future activities. In particular, the directors have considered how the planned activities will contribute to the Company's aims and objectives.

Our activities are planned in advance of the year being reported, and from the outset of the planning stage consideration is given to the likely public benefits of those activities, and how they fulfil the Company's mission. The details of the activities carried out, including activities aimed at encouraging specific audience groups, are shown in the business performance strand 1 review under the Artistic Content and Presentation section.

A member of staff is available at all of our performances and events to respond to participant or audience issues. Feedback and participation from audiences is encouraged in our programmes, through surveys, through our website and through activities outside the main productions.

Children and young people participate in many of our productions and activities; all our projects involving young people are supported by suitably qualified professionals and artists.

We aim to be of benefit to the widest possible public; to encourage audiences and participants we perform in easily accessible theatres in major towns and cities in England and Wales. Our Programmes and Engagement department encourages audiences through activities in communities and schools. Marketing output and our website encourage audiences from all walks of life and our pricing policy is based on a commitment to affordability wherever we perform, both through affordable prices to opera performances and free activities.

Environmental sustainability

The Company monitors its energy consumption and environmental impact and recycles its productions and sets extensively. The Company has incentives in place for colleagues to minimise their environmental impact while travelling and encourages rail use whenever possible. We continue to assess our future productions by employing the *Theatre Green Book*, an industry-wide initiative to reduce the carbon footprint of the performing arts sector. Plans have been put in place to review our Lighting rig switch to LED fixtures and the regeneration of the HGV fleet to minimise fuel consumption and carbon footprint of our touring activities.

Welsh language

The Welsh Language Standards (No. 2) Regulations ('the Regulations') specify service delivery standards; policy making standards; operational standards; and record keeping standards.

Welsh National Opera is one of 32 organisations to which the Regulations are specifically applicable and as such the organisation has been fully compliant with the Standards since the end of July 2017. We have received one complaint from the Welsh Language Commissioner in 2023 of which the investigation has now been concluded. This was in a relation to a joint Career and Professional Development Course provide by us in partnership with BBC NOW for Key Stage 2 teachers, to support teachers understanding of delivering singing as part of the primary music curriculum. The relevant standard that WNO was investigated under was our duty to comply with standard 80 which cites: "If you offer an education course that is open to the public, you must offer it in Welsh". On this occasion whilst we advertised that the course could be available in Welsh according to sign up, however the hyper link from our website did not register participants sign up, so we were unaware that there was a participant wanting to sign up and so the course was not run on this occasion in Welsh.

The outcome of the investigation concluded that Welsh National Opera has a duty to comply with standard 80 at all times: that when we inform participants of any education course that is available to the public, we

must ensure that there is a Welsh medium course also available. We must also ensure that all education courses registration forms include an option for a person to choose to attend a Welsh medium course and that we must provide the Welsh Language Commissioner with sufficient written evidence that enforcement actions 1 and 2 have been complete within 3 months of the date of issuing the final determination. This written evidence has now been supplied to the Commissioner and the investigation is now resolved.

Financial Review

The Consolidated Statement of Financial Activities for the Group and its subsidiaries is shown on page 25. Overall the Group's activities resulted in net incoming resources of £179,000 (2022 - £31,000).

Income

Total incoming resources increased by £3,000 to £18,165,000 (2022 – £18,162,000).

Expenditure

Overall expenditure this year increased by £555,000 to £20,724,000 (2021 – £20,169,000).
Expenditure on charitable activities increased by £210,000 and accounts for 88% of all expenditure (2022 – 88%).

Subsidiaries

Cardiff Theatrical Services Limited enables WNO to maintain its own excellent set-making facilities and continues to build sets for many other clients. The subsidiary made a loss after taxation of £7,242 (2022- profit of £95,199) during the year after contributing an appropriate share of premises and overhead costs to WNO.

WNO Productions Limited was formed in 2014 to create and prepare theatrical productions for the Group. Details of both subsidiaries are included in note 18.

Fixed assets, investments and cash

Fixed assets purchased during the year amounted to £64,000 (2022- £33,000) primarily replacement computers and equipment.

After investing the funds referred to above, at the year-end the group held cash at bank of £2,751,000 (2022 – £3,590,000).

The Group holds its cash in major UK clearing banks. The Investment Committee regularly reviews the Group's banking arrangements and investment policy and in May 2014 it invested £2,332,000 of reserves which are held for the long term (over three years) into an investment portfolio, For the year to 31 August 2022 the portfolio returned income of 3.26% which is in line with target income of between 2.8% and 3.5% per annum. These investments, which are openly traded investments and securities, are classified as fixed asset investments with a market value of £3,038,000 at year-end (2022 - £3,115,000) (see note 7b).

Pension

Group employees contributed to a defined contribution pension scheme; the Group's defined benefit scheme was closed to new entrants and future accrual on 5 April 2009 but continues to be maintained by the trustees for its pensioners (see note 17). The surplus on the defined benefit scheme amounted to £4,186,000 at 31 August 2023 (2022– surplus of £2,696,000) with an actuarial gain of £1,374,000 shown in the year (2022 -

gain of £1,664,000). These movements reflect the changes in the valuation of the actual assets and estimated liabilities in the scheme, and do not represent crystallised net assets or liabilities.

Risk management

The Board recognises its legal responsibility to provide an annual Risk Management Statement to show they have given due and proper consideration of the charity's major risks and that they have satisfied themselves of the adequacy of the systems which are in place to manage those risks (Charities (Accounts and Reports) Regulations 2008).

Detailed review authority is delegated to the Audit and Risk Committee, which meets on a biannual basis. The Committee is made up of two Board Trustees, two external members with specialist knowledge/experience and is also attended by the General Director and the Executive Director and the Chair of Trustees in an Ex-Officio capacity. Findings and recommendations are made to the full Board of Trustees, along with a summary of the risk register.

The board considers risk to be the opportunities/uncertainties which may impact its ability to deliver its vision/mission/strategy or which may jeopardise the WNO's compliance with legal and regulatory requirements.

In applying a particular approach, the Board aims to assess and agree its own appetite to the risks identified, which enables the executive team to manage them accordingly. For example is the Board:

- risk averse, where avoidance of the risk is a key organisational objective;
- risk balanced, where the preference of the board is for delivery options having a low degree of inherent risk/may only have limited potential for reward or;
- risk seeking where the board is perhaps keen to be innovative and therefore willing to choose options offering potentially higher rewards (albeit with greater inherent risk.

In identifying and assessing risk, WNO looks at both internal and external factors which may impact its strategic objectives, as well as its financial position. In addition, there are key leading and lagging indicators, which may influence its ability to over or under achieve what it has set out to do. Risk areas have been aligned to the organisation's strategic objectives and have been categorised into the following:

a) Financial (e.g. loss of income, pension liabilities, cash flow, reserves)
b) Operational (e.g. staff skills/welfare/collective agreements, resources, business continuity)
c) Reputational (artistic quality, partner agreements)
d) Strategic (e.g. economic climate, government policy)

The organisation is also mindful of other potential significant risks, which underpin and run across all the above:

e) Legal (e.g. H &S breach, legal/regulatory responsibilities, breach of trust)
f) Governance (e.g. organisational controls, trustee skills, conflicts of interest)

The Board recognises that risks ebb and flow, depending on both external and internal factors. Therefore, the management of these risks is a dynamic process, which requires regular review. The organisation's approach to managing risk is multi-faceted, depending on the type of risk and includes:

- stopping the activity to avoid the risk completely
- mitigating the risk to best possible controls measures
- transferring the financial consequences to insurers or outside companies

- accepting the risk as unavoidable.

The trustees can confirm there have been no reportable Serious Incidents during this period and are kept aware of the renewed guidance given by the Charity Commission on safeguarding, governance, complaints handling, staff engagement and public trust in charities.

Reserves

As at 31 August 2023 the total funds held by the Group stood at £13,834,000 (2022 - £12,695,000); of this total £4,152,000 was classed as restricted or endowed funds (2022 - £2,319,000) leaving unrestricted funds totalling £10,096,000 (2022 - £10,376,000).

The Group aims to have a sufficient level of reserves to provide a short-term safety net in the event of unforeseen shortfalls in income and is based on a risk assessment of all the Group's sources of income.

The calculation of free reserves is shown below and shows free reserves of £3,311,000 (2022 - £3,698,000); the remaining unrestricted reserves have been designated to support the planning of our artistic output in future years and to enable strategic change.

Free reserves

This refers to the Group's free reserves which are calculated as directed by SORP as follows:

At 31 August	2023 £'000	2022 £'000
Total unrestricted funds	**10,096**	**10,376**
Exclude designated funds - restructuring reserve (Note 13)	(200)	(437)
Exclude designated funds – production reserve (Note 13)	(2,002)	(2,002)
Less fixed assets	(1,482)	(1,543)
Exclude pension reserve	(4,186)	(2,696)
Free reserves	**2,226**	**3,698**

Directors' Report

Governance and Management

The Company is a registered charity constituted as Company Limited by Guarantee and does not have share capital (See note 12).

The reference and administrative details of the Company are shown on page 57, and the details of the Directors of the Company, who are also its members and charitable trustees, are shown on page 58.

Governance

As required by the Company's Articles of Association, directors are appointed by the members of the Company at the annual general meeting of the Company, after nomination by a member. The Board's membership is drawn from Wales, London and the English regions. Between them directors possess the range of expertise, skills and experience necessary to carry out the full remit of the Board's responsibilities.

New directors are provided with an induction to the Group and given guidance as to the role and responsibilities of being both a charity trustee and a company director. A copy of the Governance Code is provided for each director as part of the induction process.

The Board is responsible for approving overall policies, plans and organisation.

Directors may expect to serve two consecutive terms of three years in office and are eligible to serve a third term if approved by the Board, following a review by the Nomination and Remuneration Committee. An extension of office beyond three terms is only considered in exceptional circumstances. The Chair of the Group is expected to serve for two terms of office irrespective of how long they have served as a director prior to appointment, if relevant.

The directors who held office during the year and up to the date of signing of the Financial Statements are listed in the Group Details section beginning on page 58.

Directors' interests

Directors have no interests in the Group or the related bodies shown in note 19 to the Financial Statements. Directors received no remuneration as directors in the year (2022 - £nil).

Senior Management

The Executive Team is made up of the General Director, Executive Director plus the Music Director who report directly to the Board.

The Senior Management Team comprises departmental directors with responsibility for artistic administration, chorus and orchestra, engagement and partnerships, development and external relations, technical operations, people & culture, marketing and communications, and finance.

Note 4 contains details of the arrangements in relation to Senior Management remuneration.

Colleague involvement

During the year meetings took place with colleagues and their representatives to share an understanding of the Group's performance and the financial and economic factors that affect it. These meetings enable the Group to take into account the views of colleagues when making decisions likely to affect their interests. The Group also continues to invest in colleague learning and development and operates a colleague appraisal system to support their personal development and career aspirations.

Directors' Report (continued)

Equal opportunities and diversity

The Group is committed to a policy of equal opportunities in its employment practices. The Group does not own or manage any of its performing venues but monitors facilities for disabled patrons and encourages the theatre owners to improve facilities where necessary. Full consideration is given to the employment and training of disabled persons as permitted by the conditions of employment. It is Company policy to ensure that continued employment is offered, wherever possible, to employees who become disabled during the course of their employment.

The Group is currently reviewing its Equality Policy and creating a new, robust Diversity Action Plan which will move the Group forward in the areas of artistic, workforce and audience diversity.

Post balance sheet events

In September 2023 WNO received notification from Arts Council Wales of a conditional offer on the multi-year funding award commencing in April 2024, which equated to an approximate cut of 10% to future funding. The offer was based on the pending Welsh Government's funding settlement for the Arts Council of Wales. In December 2023, Welsh Government published its draft 2024/25 settlement, which included a 10.5% cut to the indicative settlement for Arts Council of Wales's Grant in Aid for 2024/25.

Arts Council Wales are continue to consider the implications and Council is scheduled to meet in February 2024 to discuss a final decision on the offers. Welsh National Opera have modelled and continue to discuss plans for transformation, which assume the original 10% reduction.

Given the timing of the announcement this is event is considered to be a non-adjusting post balance sheet event.

Going concern

The directors have assessed the Company's ability to continue as a going concern after taking into account the financial impact relating to the recent funding announcement from Arts Council Wales (ACW). The directors have considered several factors when forming their conclusions as to whether the use of the going concern basis is appropriate when preparing these financial statements including liquidity, cash resources, liabilities, and the support available from ACE Transform Stage 2 Funding scheme. After assessing the impact of possible income and cost reduction scenarios, the directors have concluded that the charity has a reasonable expectation that there are adequate resources to continue to operate for at least 12 months from the date of signing of the financial statements and have continued to prepare the financial statements on a going concern basis.

Auditor

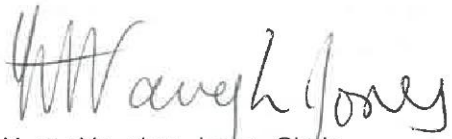
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

A resolution to reappoint Azets Audit Services will be proposed at the forthcoming Annual General Meeting.

The Directors' Report and the Strategic Report were approved by the Board of Directors and signed on its behalf by:



Yvette Vaughan Jones, Chair

Date:

Statement of Trustees' Responsibilities

The trustees (who are also directors of Welsh National Opera Limited for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the strategic report and directors' report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for maintaining proper accounting records which 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. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board of Trustees

Independent Auditor's Report to the Members of Welsh National Opera Limited

Opinion

We have audited the financial statements of Welsh National Opera Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2023 which comprise the consolidated Statement of Financial Activities, the consolidated and parent Balance Sheet, the consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 August 2023, and of the group's incoming resources and application of resources 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.

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 responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other 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 opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent Auditor's Report to the Members of Welsh National Opera Limited (continued)

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 trustees' report, which includes the strategic report and directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees
As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements
We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent Auditor's Report to the Members of Welsh National Opera Limited (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

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

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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

Independent Auditor's Report to the Members of Welsh National Opera Limited (continued)

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

Andrew Howells
Senior Statutory Auditor
For and on behalf of
Azets Audit Services
Chartered Accountants and Statutory Auditors
Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
CF23 8AB

Date 14 March 2024

Consolidated Statement of Financial Activities

Incorporating the income and expenditure account for the year ended 31 August 2023

Years to 31 August:	Note	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2023 £'000	Total 2022 £'000
Income and endowments from:						
Charitable activities	2a	2,728	-	-	2,728	4,150
Donations		849	217	400	1,466	774
Legacies		125	50	1,336	1,911	132
General grants	2a	10,033	-	-	10,033	10,848
Trading income		2,349	-	-	2,349	2,156
Investment income		23	2	54	79	102
Total income		**16,107**	**269**	**1,790**	**18,166**	**18,162**
Expenditure on:						
Charitable activities		17,962	-	-	17,962	17,752
Raising funds		344	-	-	344	356
Trading expenditure		2,418	-	-	2,418	2,061
Total expenditure	2b	**20,724**	**-**	**-**	**20,724**	**20,169**
Other recognised gains and losses						
Net (losses)/gains on investments		(32)	(2)	(43)	(77)	(6)
Net income/(expenditure) before tax		**(4,649)**	**267**	**1,747**	**(2,636)**	**(2,013)**
Taxation	18	2,814	-	-	2,814	2,044
Net income/(expenditure) for the year	3	**(1,835)**	**267**	**1,747**	**179**	**31**
Transfers						
Transfer from Endowment fund		23	-	(23)	-	-
Transfer from Restricted funds	13	158	(158)	-	-	-
Other gains/losses						
Actuarial (losses)/gains in the defined benefit pension scheme	17	1,374	-	-	1,374	1,664
Net movement in funds		**(280)**	**109**	**1,724**	**1,553**	**1,695**
Fund balance brought forward	16	10,376	350	1,969	12,695	11,000
Fund balance carried forward		**10,096**	**459**	**3,693**	**13,834**	**12,695**

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

All income and expenditure derive from continuing activities. The notes on pages 29 to 55 form part of these financial statements. No separate income and expenditure account is presented for the parent Company in accordance with the provisions of s.408 of the Companies Act 2006. The total income for the parent company is £20,278,000 (2022 -£16,568,000). The result reported in the accounts of the parent Company is a deficit of £792,000 (2022 - deficit £1,507,000).

Consolidated Balance Sheet

As at 31 August 2023

	Note	31 August 2023 £'000	31 August 2022 £'000
Fixed assets			
Tangible assets	7a	1,482	1,543
Investments	7b	3,038	3,115
		4,520	**4,658**
Current assets			
Stocks	8	102	114
Debtors	9	4,420	3,450
Cash and bank deposits	10	2,751	3,590
		7,273	**7,154**
Creditors: amounts falling due within one year	11	(1,731)	(1,813)
Net current assets		**5,542**	**5,341**
Total assets less current liabilities		**10,062**	**9,999**
Net assets excluding pension liability		**10,062**	**9,999**
Defined benefit pension (liability)/asset	17	4,186	2,696
Net assets		**14,248**	**12,695**
Unrestricted funds			
Other charitable funds	13	2,803	4,373
Designated funds	13	2,239	2,439
Revaluation reserve	13	868	868
Pension reserve	17	4,186	2,696
Total unrestricted funds	13	**10,096**	**10,376**
Restricted funds	14	459	350
Endowment funds	15	3,693	1,969
Total charity funds		**14,248**	**12,695**

The notes on pages 29 to 56 form part of these financial statements

The financial statements of Welsh National Opera Limited, company registered number 00454297, were approved by the Board of Directors and authorised for issue on 22 February 2024

Martyn Ryan.

Signed on behalf of the Board of Directors:

Martyn Ryan - Trustee

Company Balance Sheet

As at 31 August 2023

	Note		31 August 2023 £'000		31 August 2022 £'000
Fixed assets					
Tangible assets	7a		1,482		1,543
Investments	7b	3,038		3,115	
		4,520		4,658	
Current assets					
Stocks	8		102		114
Debtors	9		1,334		1,537
Cash and bank deposits	10		2,673		3,337
			4,109		4,988
Creditors: amounts falling due within one year	11		(1,354)		(1,673)
Net current assets			2,755		3,315
Total assets less current liabilities			7,275		7,973
Net assets excluding pension liability			7,275		7,973
Defined benefit pension (liability)/asset	17		4,186		2,696
Net assets			11,461		10,669
Unrestricted funds:					
Other charitable funds	13		16		2,347
Designated funds	13		2,239		2,439
Revaluation reserve	13		868		868
Pension reserve	17		4,186		2,696
Total unrestricted funds	13		7,309		8,350
Restricted funds	14		459		350
Endowment funds	15		3,693		1,969
Total charity funds			11,461		10,669

The notes on pages 29 to 56 form part of these financial statements.

No separate income and expenditure account is presented for the parent Company in accordance with the provisions of s.408 of the Companies Act 2006. The total income for the parent company is £20,278,000 (2022 -£16,568,000). The result reported in the accounts of the parent Company is a deficit of £792,000 (2022 - deficit £1,507,000).

The financial statements of Welsh National Opera Limited, company registered number 00454297, were approved by the Board of Directors and authorised for issue on 22 February 2024

Signed on behalf of the Board of Directors: **Martyn Ryan - Trustee**

Consolidated Cash Flow Statement

Years to 31 August:	Note	2023 £'000	2022 £'000
Net cash flow from operating activities (see below)		(773)	(3,112)
Interest received		79	102
Investing activities:			
Proceeds from sale of investments (shares etc.)	7b	796	832
Investments (in shares etc.)	7b	(883)	(714)
Purchases of fixed assets	7a	(64)	(33)
Proceeds from sale of fixed assets	2a	6	-
Net cash movement		**(839)**	**(3,207)**
Opening cash at bank and in hand		3,590	6,517
Closing cash at bank and in hand		**2,751**	**3,590**

Net cash flow from operating activities Years to 31 August:		2023 £'000	2022 £'000
Net expense for the year		179	31
Adjustments for:			
Release from reserves		-	-
Movement in WNO Endowment Fund		-	-
Interest receivable		(79)	(102)
Depreciation charges	7a	125	136
Profit on sale of fixed assets	2a	(6)	-
Movement in investments	7b	164	(112)
Operating cash flow before movement in working capital		**383**	**(47)**
Movements in working capital:			
Movement in stocks	8	12	(20)
Movement in debtors	9	(970)	(1,256)
Movement in creditors	11	(82)	(1,772)
Adjustment for pension funding	17	(116)	(17)
		(1,156)	**(3,065)**
Net cash (outflow)/inflow from operating activities		**(773)**	**(3,112)**

No separate statement of cash flows is presented for the parent Company in accordance with the provisions of s408 of the Companies Act 2006.

The notes on pages 29 to 56 form part of these financial statements.

Notes to the Financial Statements

1. Accounting Policies

Welsh National Opera Limited is a registered charity incorporated in England and Wales as a company limited by guarantee without share capital. The trustees are also the members of the Company. Each member has undertaken to contribute a sum not exceeding £10 to the assets in the event of winding up. The registered office is given on page 55.

Basis of accounting

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Basis of consolidation

Group financial statements have been prepared in respect of Welsh National Opera Limited and its wholly-owned subsidiaries, Cardiff Theatrical Services Limited and WNO Productions Limited, on a line by line basis. The results of the subsidiaries are set out in note 18.

No separate statement of financial activities and income and expenditure account has been presented for the Charity alone as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the Statement of Recommended Practice: Charities SORP (FRS 102).

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the board in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

Notes to the Financial Statements

1. Accounting Policies (continued)

Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount.

Income from grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Income from charitable activities and trading income is recognised in the period to which the service relates with any amounts received in advance being deferred.

No amounts are included in the financial statements for services and time donated by volunteers.

Interest on funds is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividend income is recognised on the date the charity's right to receive payment is established.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Expenditure recognition

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. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs in relation to generating income such as fundraising and events, marketing and publicity and certain costs associated with the charity's trading subsidiaries.
- Expenditure on charitable activities includes all costs relating to the furtherance of the charity's objectives as stated in the trustees report.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Notes to the Financial Statements

Expenditure recognition (continued)

Expenditure in respect of productions to be presented in a future financial period is charged at the time of the first performance of the production. Such expenditure includes the company's share of the costs of the set, props, costumes, wigs, rehearsals and marketing of that production.

An analysis has been provided for the charitable activities on a departmental basis.

Costs where possible are attributed directly to the activity to which they relate. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Governance costs comprise all costs involving public accountability of the charity and its compliance with regulation and good practice.

Taxation

As a registered charity Welsh National Opera Limited is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only.

Theatre Tax Relief

Amounts due to Welsh National Opera in respect of Theatre Tax Relief, is included in the financial year to which the claim relates within Income from Charitable Activities rather than as a tax credit or a reduction in expenditure as the nature and intention of Theatre Tax Relief is akin to government grant income.

Fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses or in cases where fixed assets have been donated to the charity, at valuation at time of acquisition.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Category of Asset:	Depreciation Policy:
Long leasehold premises	Depreciated over 50 years
Vehicles	10% to 25% per annum on a straight-line basis
Equipment, fixtures and fittings	9% to 33% per annum on a straight-line basis

The Group's long leasehold premises were valued upon transition to FRS 102, and this value has now been adopted by the Group as the deemed cost as permitted by FRS102. Other fixed assets are included at cost less accumulated depreciation.

Costs of creating opera productions are written off in full at the time of the first performance of the production by the Company.

Notes to the Financial Statements

1. Accounting Policies (continued)

Investments

Fixed asset investments in quoted shares, traded bonds and similar investments are valued at initially at cost and subsequently at fair value (their market value) at the year end. The same treatment is applied to unlisted investments unless fair value cannot be measured reliably in which case it is measured at cost less impairment.

Stocks

Stocks consist of raw materials and are stated at the lower of cost and net realisable value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Capital grants, in accordance with Accounting and Reporting by Charities: (SORP 2015), are accounted for within restricted funds. Accordingly, this fund is reduced by the depreciation arising on the tangible fixed assets acquired with the grant.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Notes to the Financial Statements

1. Accounting Policies (continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

Employee Benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pensions

For defined contribution schemes:
The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due and are allocated against unrestricted funds.

1. Accounting Policies (continued)

For the defined benefit scheme:
The Group retains a defined benefit pension scheme which was closed to new entrants and future accrual with effect from 5 April 2009. Note 17 sets out full disclosures in accordance with FRS 102 'Retirement Benefits'.

The assets of the scheme are held separately in an independently administered fund.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in income/ (expenditure) for the year.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other recognised gains and losses in the period in which they occur and are not reclassified to income/(expenditure) in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Operating leases

Rental costs under operating leases are charged to the statement of financial activities on a straight-line basis over the period of the lease.

Critical accounting judgements and key sources of estimation uncertainty

In the application of charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Pensions accounting requires an estimation of actuarial assumptions. These represent the charity's best estimate of the variables that will determine the liability at the year-end. The trustees do not consider there are any other critical judgements or sources of estimation uncertainty requiring disclosure.

Notes to the Financial Statements

2. Analysis of Charitable Activity

(a) Income	Unrestricted Fund	Restricted Fund	Endowment Fund	Year	Year
	2023	2023	2023	2023	2022
Years to 31 August	£'000	£'000	£'000	£'000	£'000
Box office and similar income	1,741	-	-	1,741	1,466
Programmes & Engagement	77	-	-	77	39
Income from other charitable activity	904	-	-	904	2,645
Profit on disposal of fixed assets	6	-	-	6	-
Income from charitable activities	**2,728**	**-**	**-**	**2,728**	**4,150**
Grants receivable:					
Arts Council England	5,304	-	-	5,304	6,236
Arts Council of Wales	4,729	-	-	4,729	4,612
General grants	**10,033**	**-**	**-**	**10,033**	**10,848**

The majority of the income in the previous year derived from activities in the UK with less than £100,000 arising from the European Union. The majority of the income in the current year was derived from activities in the UK.

(b) Expenditure on charitable activities

Years to 31 August:	Direct activity 2023 £'000	Support costs 2023 £'000	Year 2023 £'000	Direct activity 2022 £'000	Support costs 2022 £'000	Year 2022 £'000
Main-scale opera	14,696	2,057	**16,753**	14,829	1,727	**16,556**
Programmes & Engagement	1,078	131	**1,209**	1,086	110	**1,196**
Charitable activity	**15,774**	**2,188**	**17,962**	**15,915**	**1,837**	**17,752**
Fundraising	276	68	**344**	299	57	**356**
Trading	2,418	-	**2,418**	2,061	-	**2,061**
Total expenditure	**18,468**	**2,256**	**20,724**	**18,275**	**1,894**	**20,169**

Notes to the Financial Statements

2. Analysis of Charitable Activity (continued)

(c) Support costs

Years to 31 August:	2023 £'000	2022 £'000
Wales Millennium Centre premises	414	311
Finance & IT	852	823
Administration, HR	913	688
Governance costs	1	1
Defined Benefit Scheme pension costs	76	71
Support costs	**2,256**	**1,894**

Allocation of support costs to activities based on direct costs incurred:		
Opera	2,057	1,727
Programmes & Engagement	131	110
Fundraising	68	57
Support costs	**2,256**	**1,894**

The allocation of support costs to trading activity is factored into the transfer pricing arrangements, so no further allocation is required.

3. Net Income and Expenditure

(a) Net incoming / (outgoing) resources is stated after charging:

Years to 31 August:	2023 £'000	2022 £'000
Rentals under operating leases – land and buildings	180	180
Rentals under operating leases – equipment	14	14
Depreciation – owned assets	125	136
Auditor remuneration as statutory auditor	36	29
Other non-audit fees paid to the auditor	-	2

The auditor, Azets Audit Services, additionally provides audit services to the Welsh National Opera Limited Pension Scheme which has independent trustees to the charity paying audit fees of £5,925 (2022 - £5,925).

Notes to the Financial Statements

3. Net Income and Expenditure (continued)

(b) Net income for the parent Company

A separate statement of financial activities has not been included in respect of Welsh National Opera Limited. Included in the consolidated statement of funds are the following amounts in respect of Welsh National Opera Limited:

Years to 31 August:	2023	2022
	£'000	£'000
Total incoming resources	20,278	16,329
Net (deficit)/surplus for the year	(582)	(1,507)
Actuarial (loss)/gain on defined benefit scheme (see note 17)	1,490	1,664
(Deficit)/surplus including actuarial (loss)/gain in the pension scheme	908	157

4. Employee Costs and Numbers

Group and Company

Employee costs during the year (including temporary staff) amounted to:

Years to 31 August:	2023	2022
	£'000	£'000
Wages and salaries	8,283	7,850
Social security costs	896	828
Other pension costs	418	400
Pension deficit costs	76	71
	9,673	**9,149**

Included in employee costs above are the costs of 41 temporary and casual staff (2022 – 134) who were employed during the year paying total wages and salaries of £968,058 (2022 – £943,616). Redundancy and termination payments totalling £54,868 for the year ended 31st August 2023 (2022: £nil). Amounts outstanding at the yearend totalled £nil (2022: £nil) are also included.

Monthly average numbers of permanent employees by activity were:

Years to 31 August:	2023	2022
	Number	Number
Opera	155	159
Programmes and Engagement	11	14
Support	17	14
Fundraising	8	11
Trading	23	22
	214	**220**

Notes to the Financial Statements

4. Employee Costs and Numbers (continued)

The number of Group employees whose emoluments excluding pension contributions but including benefits in kind were in excess of £60,000 was:

Years to 31 August:	2023 Number	2022 Number
£60,000 - £69,999	3	2
£70,000 - £79,999	5	4
£80,000 - £89,999	1	1
£90,000 - £99,999	-	-
£100,000 - £109,999	1	-
£110,000 - £119,999	-	-
£140,000 - £149,999	1	1

Senior management pay

The senior management personnel of the Company and the Group are listed on page 56. The total remuneration (including pension contributions and freelance fees) in respect of the senior managers of the Company and Group for the year amounted to £733,709 (2022 - £926,653).

The remuneration and terms of employment of the General Director are set by the Board and reviewed annually. Those of other senior managers are reviewed annually and subject to periodic comparison with similar roles.

Directors' emoluments

The directors received no remuneration for their roles as directors in the year (2022 - £nil) and no accommodation and travel expenses were reimbursed to directors during the year (2022- £nil). Tickets for performances are purchased at box office prices by the directors other than for a small number of complimentary tickets for official hosting and marketing purposes.

Notes to the Financial Statements

5. Taxation on Ordinary Activities

Welsh National Opera Limited is a Company limited by guarantee and is a registered charity.

As a registered charity Welsh national Opera Limited is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only. The charity has two wholly owned subsidiaries:

i) Cardiff Theatrical Services Limited is, however, subject to tax. In the current year no corporation tax (2022 - £nil) was incurred by the subsidiary.

ii) WNO Productions Limited is also subject to tax and applied for Theatre Tax Relief on the major productions created in the year to 31 August 2023 amounting to £2,814,399 (2022 £2,043,568).

6. Operating Lease Commitments

The Company and Group were committed to making the following future minimum lease payments in respect of operating leases:

Years to 31 August:	2023	2022
	£	£
Due, 1 year	194,062	106,459
Due 2-5 years	112,000	112,000
Due > 5 years	2,249,742	2,277,742

7. Fixed Assets

7a. Tangible fixed assets

Group and Company	Long leasehold	Vehicles	Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 September 2022	1,500	555	1,755	3,810
Additions	-	18	46	64
Disposals	-	(75)	-	(75)
At 31 August 2023	**1,500**	**498**	**1,801**	**3,799**
Depreciation				
At 1 September 2022	210	488	1,569	2,267
Charge for the year	30	17	78	125
Disposals	-	(75)	-	(75)
At 31 August 2023	**240**	**430**	**1,647**	**2,317**
Net book value				
At 31 August 2022	1,290	67	186	1,543
At 31 August 2023	**1,260**	**68**	**154**	**1,482**

Notes to the Financial Statements

7a. Tangible fixed assets (continued)

The other long leasehold premises have been professionally valued by Lambert Smith Hampton, Chartered Surveyors, on an open market, existing use and vacant possession valuation basis, upon transition to FRS102, at 31 August 2015 at £1,500,000 in accordance with the Royal Institution of Chartered Surveyors Valuation – Professional Standards UK January 2014 (revised April 2015).

7b. Fixed asset investments

Brewin Dolphin Limited is the investment manager of the Company's long-term funds. The following investments were held and managed by Brewin Dolphin at the year-end:

Group and Company: At 31 August	2023 £'000	2022 £'000
Corporate bonds and cash	512	519
Equities:		
- UK	878	1,139
- US	1,009	970
- Other equities	584	422
- Property	55	65
	3,038	**3,115**

The movements in investments held were as follows:

Years ended 31 August:	2023 £'000	2022 £'000
Market value at the beginning of the year	**3,115**	**3,121**
Additions at cost	883	714
Disposals at carrying value	(796)	(832)
Net realised and unrealised (losses)/gains	(164)	112
Market value at the end of the year	**3,038**	**3,115**
Historical cost at the end of the year	**2,844**	**2,718**
Included within the above is cash held within the portfolio totalling	**81**	**142**

Other investments

The Company also held 100% of the share capital in its trading subsidiaries at the beginning and end of the year (see note 18 for details):

- Cardiff Theatrical Services Limited (historical cost £90), and
- WNO Productions Limited (historical cost £100).

8. Stocks

At 31 August

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Raw materials	**102**	**114**	**102**	**114**

Stocks comprise materials held in the workshops for use in building sets and scenery for sale to third-party customers.

9. Debtors

Amounts falling due within one year:

At 31 August	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Trade debtors	530	532	121	240
Amounts owed by Group undertakings	-	-	204	464
Other debtors	320	123	258	43
Taxation	2,824	2,044	-	40
Prepayments and accrued income	746	751	751	750
	4,420	**3,450**	**1,334**	**1,537**

Amounts owed by Group undertakings comprise amounts due from Cardiff Theatrical Services Limited for normal monthly transactions.

10. Cash at Bank and In Hand

At 31 August	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Cash at bank and in hand	**2,751**	**3,590**	**2,673**	**3,337**

The Company has no borrowings or overdraft facilities.

Notes to the Financial Statements

11. Creditors: Amounts Falling Due Within One Year

At 31 August	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Trade creditors	107	101	107	101
Other creditors including taxation	428	352	432	352
Accruals	637	494	432	487
Deferred grant income	383	388	383	388
Other deferred income	176	478	-	345
	1,731	**1,813**	**1,354**	**1,673**

Other deferred income arises from co-productions, future productions and the work of Cardiff Theatrical Services Limited.

Analysis of movement in other deferred income

At 31 August	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Brought forward	478	2,353	345	2,030
Released in year	(302)	(1,875)	(345)	(1,685)
Received in year	-	-	-	-
Carried forward	**176**	**478**	-	**345**

Analysis of movement in deferred grant income

At 31 August	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Brought forward	388	448	388	448
Released in year	(10,033)	(10,848)	(10,033)	(10,848)
Received in year	10,033	10,788	10,033	10,788
Carried forward	**388**	**388**	**388**	**388**

12. Company Status

The Company is a registered charity constituted as a Company Limited by Guarantee and does not have share capital. The liability of each member is limited to £10, the maximum number of members being 20. The actual number of members at 31 August 2023 was 14 (2022 - 9).

Notes to the Financial Statements

13. Unrestricted Funds

At 31 August 2023

Group	Opening balance	Incoming resources	Resources expended	Gains / (losses)	Transfers	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000
Restructuring reserve	437	-	-	-	(200)	237
Production reserve	2,002	-	-	-	-	2,002
Pension reserve	2,696	-	-	1,490	-	4,186
Revaluation reserve	868	-	-	-	-	868
Income and expenditure	4,373	18,921	(20,840)	(32)	381	2,803
Total Group funds	**10,376**	**18,921**	**(20,840)**	**1,458**	**181**	**10,096**

Company	Opening balance	Incoming resources	Resources expended	Gains / (losses)	Transfers	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000
Restructuring reserve	437	-	-	-	(200)	237
Production reserve	2,002	-	-	-	-	2,002
Pension reserve	2,696	-		1,490	-	4,186
Revaluation reserve	868	-	-	-	-	868
Income and expenditure	2,347	18,219	(20,899)	(32)	381	16
Total Company funds	**8,350**	**18,219**	**(20,899)**	**1,458**	**181**	**7,309**

The Designated funds are made up of the Restructuring and Production reserves as detailed below.

A 'Restructuring' reserve has been designated to enable investment in change and forms part of the Company's unrestricted reserves. It also incorporates what was formerly known as the Media fund.

The 'Production' reserve is set aside to support the planning of an ambitious repertoire in future years, especially important with the long planning lead times for large-scale operas and to support exploitation of the Company's work.

Notes to the Financial Statements

13. Unrestricted Funds (continued)

At 31 August 2022

Group	Opening balance	Incoming resources	Resources expended	Gains / (losses)	Transfers	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000
Restructuring reserve	437	-	-	-	-	437
Production reserve	2,002	-	-	-	-	2,002
Pension reserve	1,015	-	-	1,681	-	2,696
Revaluation reserve	868	-	-	-	-	868
Income and expenditure	4,054	19,917	(20,185)	(3)	590	4,373
Total Group funds	**8,376**	**19,917**	**(20,185)**	**1,678**	**590**	**10,376**

Company	Opening balance	Incoming resources	Resources expended	Gains / (losses)	Transfers	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000
Restructuring reserve	437	-	-	-	-	437
Production reserve	2,002	-	-	-	-	2,002
Pension reserve	1,015	-	-	1,681	-	2,696
Revaluation reserve	868	-	-	-	-	868
Income and expenditure	3,855	16,568	(18,662)	(3)	590	2,348
Total Company funds	**8,177**	**16,568**	**(18,662)**	**1,678**	**590**	**8,351**

Notes to the Financial Statements

14. Restricted Funds

At 31 August 2023

Group and Company	Opening balance	Incoming resources	Resources expended	Revalue	Transfers	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000
Seligman Trust	76	2	-	(2)	-	76
Schaefer Bursary	18	-	-	-	-	18
C Ball Bursary	3	-	-	-	(3)	-
Parry Family Bursary	11	-	-	-	-	11
Other	242	267	-	-	(155)	354
Total restricted funds	**350**	**269**	**-**	**(2)**	**(158)**	**459**

At 31 August 2022

Group and Company	Opening balance	Incoming resources	Resources expended	Revalue	Transfers	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000
Seligman Trust	74	2	-	-	-	76
Schaefer Bursary	18	-	-	-	-	18
C Ball Bursary	5	-	(2)	-	-	3
Parry Family Bursary	11	-	-	-	-	11
Dunard	300	-	-	-	(300)	-
Other	247	232	-	-	(237)	242
Total restricted funds	**655**	**234**	**(2)**	**-**	**(537)**	**350**

Restricted funds are held for use under the conditions set out by the donors, such as for specific productions or to support particular types of musical or community activity.

Notes to the Financial Statements

15. Endowment Funds

At 31 August 2023

Group and Company	Opening balance	Interest income	Resources expended	Revalue	Closing balance
	£'000	£'000	£'000	£'000	**£'000**
Mary Warner Trust	1,432	38	-	(30)	**1,440**
RW Pethybridge	514	14	-	(11)	**517**
Sir John Moores Award	23	2	(23)	(2)	**-**
Seligman Legacy	-	1,336	-	-	**1,336**
Rolf Olsen Fund	-	400	-	-	**400**
Total endowment funds	**1,969**	**1,790**	**(23)**	**(43)**	**3,693**

At 31 August 2022

Group and Company	Opening balance	Interest income	Resources expended	Revalue	Closing balance
	£'000	£'000	£'000	£'000	**£'000**
Mary Warner Trust	1,394	40	-	(2)	**1,432**
RW Pethybridge	501	14	-	(1)	**514**
Sir John Moores Award	74	2	(53)	-	**23**
Total endowment funds	**1,969**	**56**	**(53)**	**(3)**	**1,969**

The Mary Warner Trust is a permanent endowment created under the terms of a legacy and managed by a defined group of trustees for the objects set out in the gift: the training and development of tenors of Welsh origin.

The RW Pethybridge fund is an expendable endowment fund held for the benefit of the people of Wales who are disabled, elderly, or in prison.

The Sir John Moores Award fund is a permanent endowment held for the granting of an annual award for the career development of a young artist.

Notes to the Financial Statements

16. Analysis of Net Assets Between Funds

At 31 August 2023

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total £'000
Tangible fixed assets	1,482	-	-	1,482
Fixed asset investments	1,537	54	1,447	3,038
Net current assets	2,891	405	2,246	5,542
Pension reserve	4,186	-	-	4,186
Net assets	**10,096**	**459**	**3,693**	**14,248**
Company				
Tangible fixed assets	1,482	-	-	1,482
Fixed asset investments	1,537	54	1,447	3,038
Net current assets	104	405	2,246	2,341
Pension reserve	4,186	-	-	4,186
Net assets	**7,309**	**459**	**3,693**	**11,461**

At 31 August 2022

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total £'000
Tangible fixed assets	1,543	-	-	1,543
Fixed asset investments	1,336	64	1,715	3,115
Net current assets	4,801	286	254	5,341
Pension reserve	2,696	-	-	2,696
Net assets	**10,376**	**350**	**1,969**	**12,695**
Company				
Tangible fixed assets	1,543	-	-	1,543
Fixed asset investments	1,336	64	1,715	3,115
Net current assets	2,775	286	254	3,315
Pension reserve	2,696	-	-	2,696
Net assets	**8,350**	**350**	**1,969**	**10,669**

Notes to the Financial Statements

17. Pension Schemes

The disclosures below have been prepared for Welsh National Opera Limited (the "Company") in relation to benefits payable from the Welsh National Opera Limited Pension Scheme (the "Scheme").

There were no Company contributions to the Scheme for the year ended 31 August 2023, and Company contributions for the year ending 31 August 2024 are expected to be nil.

The valuation used for FRS 102 disclosures has been based on a full assessment of the liabilities of the Scheme as at to 31 August 2021. The present values of the defined benefit obligation were measured using the projected unit credit method.

The principal assumptions used to calculate the liabilities under FRS 102 are set out below:

	Assumptions		
	31 August 2023 % p.a.	31 August 2022 % p.a.	31 August 2021 % p.a.
RPI Inflation	3.25	3.50	3.30
CPI Inflation	2.80	3.05	2.80
Pension increases (Pre April 1997 in excess of GMP)	3.0	3.00	3.00
Pension increases (April 1997 – April 2005)	2.75	2.95	2.75
Pension increases (Post April 2005)	2.00	2.05	2.00
Discount rate for Scheme liabilities	5.40	4.30	1.75
Longevity for member currently aged 65:			
- Male	21.2	21.9	21.9
- Female	23.7	24.3	24.3
Longevity for member reaching 65 in 20 years:			
- Male	22.2	23.2	23.2
- Female	24.8	25.7	25.7

17. Pension Schemes (continued)

	Fair value of assets		
	31 August 2023	31 August 2022	31 August 2021
	£'000	£'000	£'000
Equities	7,427	7,952	9,686
Index-linked gilts	5,921	6,074	7,920
Corporate bonds	1,498	1,541	1,770
Other	85	81	78
Total	**14,931**	**15,648**	**19,454**

Reconciliation of funded status to balance sheet

	Value at 31 August 2023	Value at 31 August 2022
	£'000	£'000
Fair value of Scheme assets	14,931	15,648
Present value of funded defined benefit obligations	(10,745)	(12,952)
(Deficit)/surplus	**4,186**	**2,696**
(Liability)/asset recognised on the statement of financial position	4,186	2,696

Analysis of profit and loss

	Value at 31 August 2023	Value at 31 August 2022
	£'000	£'000
Administration expenses	-	-
Net interest cost	(116)	(17)
Past service cost	-	-
Expense recognised in profit and loss	**(116)**	**(17)**

17. Pension Schemes (continued)

Changes to present value of the defined benefit obligation

	Value at 31 August 2023 £'000	Value at 31 August 2022 £'000
Opening defined benefit obligations	12,952	18,439
Administration expenses	-	-
Interest cost	548	320
Remeasurement (gains)/losses		
- Actuarial losses on Scheme liabilities in respect of assumptions	(2,271)	(6,473)
- Actuarial losses on Scheme liabilities in respect of experience	359	1,026
- From change in demographic assumptions	(429)	(13)
Net benefit paid out	(414)	(347)
Past service cost	-	-
Closing defined benefit obligation	**10,745**	**12,952**

Changes to the fair value of Scheme assets

	Value at 31 August 2023 £'000	Value at31 August 2022 £'000
Opening fair value of Scheme assets	15,648	19,454
Interest income on Scheme assets	664	337
Actuarial gains/(losses)		
- Return on Scheme assets less interest income	(967)	(3,796)
Contributions by the Company	-	-
Net benefits paid out	(414)	(347)
Closing fair value of Scheme assets	**14,931**	**15,648**

Analysis of amounts recognised in the Statement of financial activities

	Value at 31 August 2023 £'000	Value at31 August 2022 £'000
Return on Scheme assets less interest income	(967)	(3,796)
(Losses)/gains on financial assumptions	2,271	6,473
(Losses)/gains on demographic assumptions	429	13
Experience Gains on Scheme liabilities	(359)	(1,026)
Total (loss)/gain	**1,374**	**1,664**

17. Pension Schemes (continued)

Actual return on Scheme assets

	Value at 31 August 2023 £'000	Value at 31 August 2022 £'000
Interest income on Scheme assets	664	337
Return on Scheme assets less interest income	(967)	(3,796)
Total return on Scheme assets	**(303)**	**(3,459)**

18. Additional Information on Subsidiaries

Welsh National Opera Limited has two subsidiaries:

Cardiff Theatrical Services Limited - company registration 01705868 which is incorporated in the UK.

Registered office - Ellen Street, Cardiff, CF10 4TT

Acquired by Welsh National Opera Limited for £nil on 1 April 1989, the share capital of Cardiff Theatrical Services Limited comprises 90 ordinary shares of £1 which are all wholly owned by Welsh National Opera Limited.

The purpose of Cardiff Theatrical Services Limited is to act as the trading arm of Welsh National Opera Limited, primarily undertaking sales of theatrical sets, costumes and properties and transportation for Welsh National Opera Limited and external parties. Theatrical sets are produced within a production division of Welsh National Opera Limited and charged to Cardiff Theatrical Services Limited at full cost.

The trading results of the subsidiary were as follows:

Years to 31 August:	2023 £'000	2022 £'000
Turnover	2,411	2,395
Cost of sales	2,410	2,295
Gross profit	**1**	**100**
Administrative expenses	(8)	(5)
Operating profit/(loss)	**(7)**	**95**
Gift Aid to parent company	-	-
Profit/(Loss) before taxation	**(7)**	**95**
Taxation	-	-
Profit/ (loss) for the financial year	**(7)**	**95**

The aggregate of the assets, liabilities and funds was:

At 31 August	2023 £'000	2022 £'000
Assets	542	572
Liabilities	(572)	(595)
Shareholder funds	**(30)**	**(23)**

Notes to the Financial Statements

18. Additional Information on Subsidiaries (continued)

Included within turnover and cost of sales is inter-company trade

At 31 August	2023	2022
	£'000	£'000
Sales	183	287
Purchases	2,418	2,746
Amounts outstanding at year end	**185**	**104**

Statement of Changes in Equity

Company	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1st September 2021	90	(118,409)	(118,319)
Year ended 31 August 2022:			
Profit and total comprehensive income for the year	-	95,199	95,199
Distributions to parent charity under gift aid	-	-	-
Balance at 31 August 2022	**90**	**(23,210)**	**(23,120)**
Year ended 31 August 2023:			
Loss and total comprehensive income for the year	-	**(7,242)**	**(7,242)**
Balance at 31 August 2023	**90**	**(30,452)**	**(30,362)**

Notes to the Financial Statements

18. Additional Information on Subsidiaries (continued)

WNO Productions Limited – company registration 09247950 which is incorporated in the UK.

Registered office – Wales Millennium Centre, Bute Place, Cardiff CF10 5AL

Formed by Welsh National Opera Limited on 3 October 2014, the share capital of WNO Productions Limited comprises 100 ordinary shares of £1 which are all wholly owned by Welsh National Opera Limited.

The purpose of WNO Productions Limited is to create and prepare theatrical productions for the Welsh National Opera Group of companies.

The trading results of the subsidiary were as follows:

Years to 31 August:	2023	2022
	£'000	£'000
Turnover	11,621	10,870
Cost of sales	(11,608)	(10,859)
Gross profit	**13**	**11**
Administrative expenses	(13)	(11)
Operating profit / (loss)	-	-
Profit / (Loss) before taxation	-	-
Theatre tax relief on productions	2,814-	2,044
Profit retained in subsidiary	**2,814**	**2,044**

The aggregate of the assets, liabilities and funds was:

At 31 August	2023	2022
	£'000	£'000
Assets	2,829	2,056
Liabilities	(13)	(7)
Shareholder funds	**2,816**	**2,049**

18. Additional Information on Subsidiaries (continued)

	2023	2022
	£'000	£'000
At 31 August		
Sales	11,621	10,870
Purchases	11,621	10,870
Amounts outstanding at year end	-	-

Statement of Changes in Equity

Company	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1st September 2021	100	317,133	317,233
Year ended 31 August 2022:			
Profit and total comprehensive income for the year		2,040,584	2,040,584
Distributions to parent charity under gift aid		(312,133)	(312,133)
Balance at 31 August 2022	100	2,045,584	2,045,684
Year ended 31 August 2023:			
Loss and total comprehensive income for the year	-	**2,814,398**	**2,814,398**
Distributions to parent charity under gift aid	-	**(2,043,568)**	**(2,043,568)**
Balance at 31 August 2023	**100**	**2,816,414**	**2,816,514**

Notes to the Financial Statements

19. Related Parties

Welsh National Opera Limited has connections to the following independently registered charities:

Welsh National Opera Benevolent Trust (charity 1085756).

At 31 August	2023	2022
	£	£
Income received	454	68
Funding awarded	-	(300)
Debtor	-	-

Welsh National Opera Endowment Fund (charity 1146595).

At 31 August	2023	2022
	£	£
Investment income	34,035	33,705
Bursaries applied for	20,000	20,000
Debtor	107,276	59,248
Creditor	21,740	20,000
Value of portfolio	1,015,958	1,041,789

Consolidated Statement of Financial Activities 2022

Incorporating the income and expenditure account for the year ended 31 August 2022

Years to 31 August:

	Note	Unrestricted funds £'000	Restricted funds £'000	Endowed funds £'000	Total 2022 £'000	Total 2021 £'000
Income from:						
Charitable activities	2a	4,150	-	-	4,150	107
Donations		592	182	-	774	1,054
Legacies		82	50	-	132	303
General grants	2a	10,848	-	-	10,848	11,098
Trading income		2,156	-	-	2,156	1,091
Investment income		44	2	56	102	78
Total income		**17,872**	**234**	**56**	**18,162**	**13,731**
Expenditure on:						
Charitable activities		17,750	2	-	17,752	10,414
Raising funds		356	-	-	356	334
Trading expenditure		2,061	-	-	2,061	1,185
Total expenditure	2b	**20,167**	**2**	-	**20,169**	**11,933**
Net (losses)/gains on investments	7b	(3)	-	(3)	(6)	492
Net income/(expenditure) before tax		**(2,298)**	**232**	**53**	**(2,013)**	**2,290**
Taxation	18	2,044	-	-	2,044	312
Net income/(expenditure) for the year	3	**(254)**	**232**	**53**	**31**	**2,602**
Transfer from restricted funds	13	537	(537)	-	-	-
Other gains/losses						
Actuarial (losses)/gains in the defined benefit pension scheme	17	1,664			1,664	2,187
Net movement in funds		**2,000**	**(305)**	**-**	**1,695**	**4,789**
Fund balance brought forward		8,376	655	1,969	11,000	6,211
Fund balance carried forward		**10,0376**	**350**	**1,969**	**12,695**	**11,000**

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities. The notes on pages 28 to 55 form part of these financial statements.

No separate income and expenditure account is presented for the parent Company in accordance with the provisions of s.408 of the Companies Act 2006. The total income for the parent company is £16,568,000 (2021 - £14,556,000). The result reported in the accounts of the parent Company is a deficit of £1,507,000 (2021 - surplus £5,703,000).

Reference and administrative details

Company Details

Welsh National Opera Limited

(Company limited by guarantee and without share capital)

Registered office	Wales Millennium Centre Bute Place Cardiff CF10 5 AL
Company number	00454297 (registered in England and Wales)
Charity number	221538
VAT registration	GB 218 9895 51

Professional Advisers

Auditor	Azets Audit Services Ty Drew Lime Tree Court Cardiff Gate Business Park Cardiff CF23 8AB
Solicitors	Darwin Gray Solicitors Helmont House Churchill Way Cardiff CF10 2HE
Bankers	Lloyds Bank plc 31 Queen Street Cardiff CF10 2AG

Bank deposits are also held at National Westminster and Barclays.

Investment Managers

Brewin Dolphin
5 Callaghan Square
Cardiff CF10 5BT

Directors and Officers

Board of Directors and Committees

The directors are also the Company's charitable trustees. The directors who served throughout the financial year, unless otherwise stated, and the committees they attend, are shown below:

Name		Designation	Main Board	Audit & Risk (ARC)	Nom & Rem	CTS	Endowment Fund	Artistic Advisory	Change	Health & Wellbeing	All Wales
Nicola Amery		Trustee	✓		Chair				✓		
Manon Edwards Ahir		Trustee	✓							Chair	✓
Prof Medwin Hughes		SID	✓		SID				✓		Chair
Henry Little		Trustee	✓		✓			Chair	✓		
Dr Arun Midha		Trustee	✓	✓							✓
Claire Pillman		Trustee	✓		✓		✓				✓
Martyn Ryan		Trustee	✓	Chair**			Chair***		✓		
Yvette Vaughan Jones		Chair	✓		✓	✓					
Aileen Richards		Trustee	✓			✓			Chair	✓	
Stephen Harrison		Independent				Chair					
Geraint Davies		Independent		Chair**			✓				
Nigel Goldsworthy		Indep		✓							
Harriet Fielding	(Appointed 30/10/2023)	Trustee	✓	✓			✓				
Kenon Man	(Appointed 30/10/2023)	Trustee	✓			✓			✓		
Donald Maxwell	(Appointed 18/12/2023)	Trustee	✓					✓			
Gerraint Jones	(Appointed 30/10/2023)	Trustee	✓	✓							✓
Paul Hughes	(Appointed 30/10/2023)	Trustee	✓		✓			✓			
Nan Williams	(Appointed 30/10/2023)	Independent	Co-Opted								

** Geraint Davies becomes interim Chair when Martyn Ryan's term ends Feb 2024

*** Martyn Ryan becomes Chair of endowment fund when he steps down as main board trustee Feb 2024

The Board meets a minimum of six times per year, delegating appropriate matters to the Audit & Risk and Nominations committees. Each committee determines its own frequency for meetings subject to the requirement to meet at least twice each year.

Executive Team

Christopher Barron	Interim General Director (Appointed 08.01.2024)
Stephanie Bradley	Executive Director (Appointed 21.11.22)
Tomáš Hanus	Music Director

Senior Management Team

Tom Doster	Director of Finance & IT (Appointed 01.09.2023)
Sarah Boswell	Director of Development & External Relations (Appointed 28.11.22)
Emma Flatley	Director of Engagement and Partnerships
Jan Michaelis	Technical Director
Alison Woodward	Director of People & Culture
Kate Baylis	Director of Artistic Administration

WELSH NATIONAL OPERA LIMITED

England & Wales - Charity number 221538

Accounts

WELSH
NATIONAL
OPERA
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Annual Report and Financial Statements

Year ended 31 August 2022

Welsh National Opera Limited

(Company limited by guarantee without share capital)

Company Number: 00454297 (England and Wales)

Charity Number: 221538

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Introduction

The trustees are pleased to present their annual directors' report which incorporates the strategic report, together with the financial statements of the group and parent charity for the year ending 31 August 2022, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2019)".

Charitable Objectives

WNO's charitable objects are "... to promote and assist in the advancement of education so far as such promotion and assistance shall be of a charitable nature and in particular, so far as of a charitable nature, to procure and increase the appreciation and understanding of the dramatic art in all its forms in Wales and elsewhere." These words are taken from WNO's Memorandum of Association.

Vision

During the spring of 2022 the new WNO Strategy 2023-26 was developed. A full review was undertaken of the company's vision and mission to understand if they would enable WNO to move on from the hiatus caused by the Covid pandemic, and the considerable effects that it had on its business, towards a new iteration, one in which its mission and programming is clearly aligned to the needs of the various communities that it serves. In addition, to seeking to align with the overarching strategies of both the Arts Council of England and Arts Council Wales and to create strong and meaningful bonds with all who experience its programmes.

The new purposeful vision was developed:

We bring together people from all walks of life to create and experience extraordinary opera, to enhance lives, strengthen communities and enrich all the places in which we focus our work.

The Strategic Plan is the first step in a transformation of Welsh National Opera that will see the company retain its national and international status, but with a network of local hubs, designed to build close bonds between the company and its respective communities. Its programming will be a blend of performances and participatory projects, with a special emphasis on co-created work. The overarching goal is to make the work relevant at all times, finding connections between the work itself and the lived experiences of the audience.

Values

We are:

Inclusive – We have a workplace culture where all people are respected and valued.

Collaborative – We work as a team to achieve common goals.

Dynamic - We challenge ourselves creatively and encourage new ideas.

Generous - Our people use their talent, knowledge, and skills with a generosity of spirit.

Responsible - We act with integrity and accountability.

Chair's Statement

Welsh National Opera's road to recovery from the Covid pandemic throughout the 2021-2022 season was slow but steady. The opera sector is used to operating to plans that have been made at least three years in advance, but such forward planning had long since been abandoned as we waited patiently for the Government's green light to recommence live performances. It was touch and go, but permission eventually arrived three days before our first scheduled rehearsal. Anticipating the uncertainty, we had decided to present two operas in the autumn season, rather than the usual three, as it was clear that social-distancing measures would still need to be in place behind the scenes and in the rehearsals. With just two operas, there was more confidence that we could manage their operation with reduced risk of large-scale Covid infection, which would critically compromise the rehearsal process.

The main positive from the new performing regulations was that the performers onstage were free of social-distancing measures, which greatly helped the impression we could give to our audiences that a semblance of normality had returned. The autumn season opened with a revival of WNO's hugely popular production of *The Barber of Seville*, conducted by our Music Director Tomáš Hanus, and was followed by a new production of Puccini's *Madam Butterfly*. Our previous production of *Madam Butterfly* had stayed in our repertory since it was first seen in 1978, so a new production was long overdue. In recent years, Puccini's opera has gained a contentious reputation on grounds of racial stereotyping, so a completely different approach to the work was necessary. That task lay in the hands of Australian director Lindy Hume and UK designer Isabella Bywater and WNO's Conductor Laureate, Carlo Rizzi, and the result was a production that steered away from the conventional orientalism and focused instead on the exploitation of the 15-year-old central character. This approach to the work was supported by an innovative series of online discussions that examined topics relevant to the opera like global imperialism and how to present works that are today deemed offensive to some communities.

Uncertainty as to when we might perform resulted in an 'on-sale' date that was far later than usual. Compounded with the relaxation of Covid restrictions being so recent, it is probably not surprising that our audiences were far slower to return than we had hoped. This reticence was, however, not unique to WNO, but was seen across the entire performing arts sector and persisted throughout the year. The result was an inevitable shortfall in box office income, projections for which had already factored in a delayed audience return.

Moving a large group of people around the country on tour always had the potential for Covid to strike, especially as many of our touring venues are more cramped backstage than the Wales Millennium Centre; and so it proved. From the middle of the tour onwards, there were frequent absences through illness, but it is a measure of the indomitable company spirit that the curtain went up and replacement musicians were found.

One project did proceed, albeit a year later than planned, which was WNO's invitation to present a new opera, *Al Wasl* by Emirati composer Mohammed Fairouz, at Expo 2020 Dubai. Covid caused the postponement of Expo from 2020 to 2021, and although originally intended to mark the opening of Expo, the earliest slot that we could find to perform the work was at the end of our tour in December 2021. This necessitated the scenery being shipped to Dubai well before rehearsals began, and again, it is a measure of the skill of the company that the production by Sir David Pountney was brought off with such distinction in spite of the limited rehearsal and technical time that was available in the Dubai Opera House.

Chair's Statement (continued)

A less visible aspect of the Covid hiatus was its effect on the operations of Cardiff Theatrical Services, WNO's scenic workshops. Given the uncertainty regarding its return to full operation, together with a backlog of orders from commercial producers, it was decided that WNO's spring season would not feature a new production, but would instead present revivals of two strong works, *Don Giovanni* and Janáček 's *Jenůfa*, alongside further performances of *Madam Butterfly*. The tour was well received by both critics and audiences alike, although the latter were still short of our anticipated attendance figures. Unfortunately, the rise of the omicron Covid variant caught up with the company on tour, and so the same resourcefulness we saw in the autumn came in to play in our efforts to keep the curtain up. But even this was not enough when the entire crew of stage electricians fell to the virus, and so for the first time in 36 years, WNO was forced to cancel a performance.

On a more positive note, the wide range of activity created by our Programmes & Engagement was able to return. One new initiative of note was our Long Covid programme, created in association with three Welsh Health Boards and with support from Arts Council Wales. Its success was such that it will be rolled out by all remaining Heath Boards in 2022-2023. Inspired by the underlying theme of our production of *Madam Butterfly*, we also created a primary schools project in collaboration with the Brave Bear Trust, in which the students devised their own opera showing them how to recognise and understand potential exploitation, and how to stay safe. The younger members of our WNO Youth Opera presented a wonderfully creepy production of Judith Weir's opera, *The Black Spider*. This project had been postponed due to the pandemic and was eventually presented in a different theatre than had originally been planned; but the resulting performance was testament to the talent within the group.

And that was not all we saw of the Youth Opera singers, for they also featured prominently in our final production of the year, Will Todd's *Migrations*. Originally planned for Autumn 2020, it was felt best to delay its premiere, rather than mounting it when potentially compromised by social distancing. That decision was fully vindicated by the performances that eventually emerged. The work looks at the issue of migration and immigration through the lens of six inter-connecting stories, and alongside a large cast of principals, the WNO Youth Opera group and an enhanced WNO Chorus it also required a troupe of Bollywood performers and a Gospel Choir. The impact on our audiences was profound and ended our season with the perfect proof of the power of our art form to be moving, thought-provoking and entertaining, all at the same time.

Opera is, and always has been an expensive art form to put on, and we would not have been able to do so without the strong support of both the Arts Council of Wales and Arts Council England, together with the large number of trusts, foundations and individual donors throughout the country who support our work. The Covid pandemic may have put a halt to our work, but after one and a half years of isolation, our re-emergence only emphasised the fundamental need for humans to connect with each other, and live performances are a vital way to achieve this.

Yvette Vaughan Jones

Strategic Report

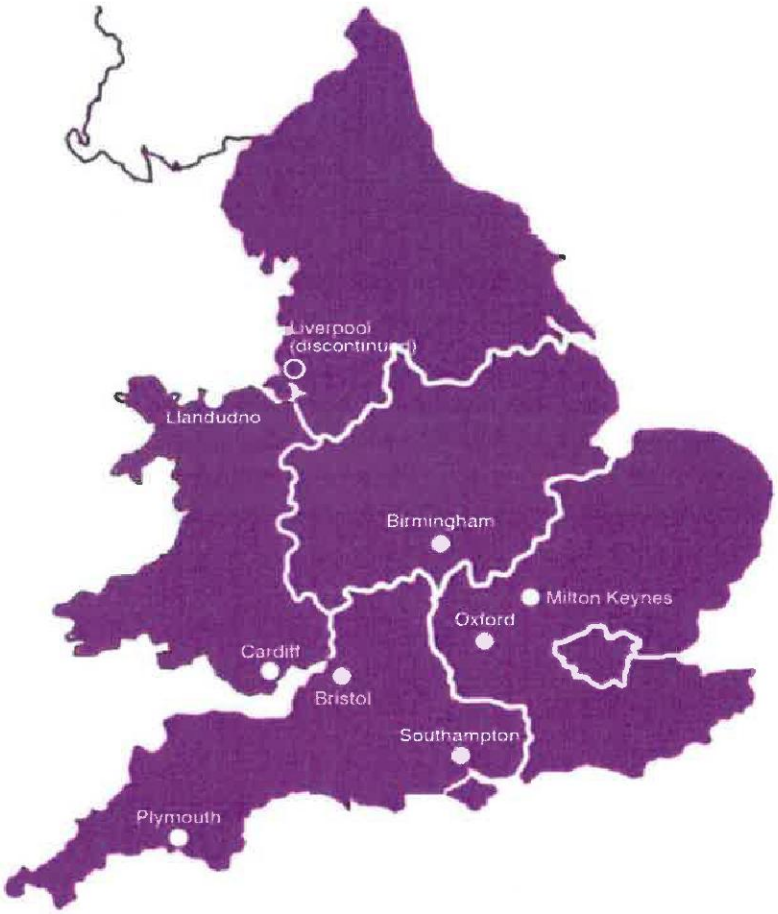
Business Performance

The company started the year with a strong financial reserves position, the ongoing impact of the Covid-19 pandemic meant there was a high level of uncertainty in our financial forecasts for the year. Therefore, our 2021/22 financial year forecasts accommodated the anticipated reduction in income to allow time for the box office sales to recover as productions returned to theatres.

The 2021-22 programme featured five operatic titles (The Barber of Seville, Madama Butterfly, Don Giovanni, Jenufa, and Migrations), focused on the recovery with the aim of warming the audiences to the idea of returning to live opera performances. The figures indicate a more gradual return, once again reflecting the general industry trends. During 2021-22, around 62% of audience targets and 58% of financial targets have been achieved – with nearly 50,000 people attending main-scale opera performances.

Distant enough from 2021's lockdown regulations, Autumn 2022 Season (The Makropulos Affair, La Bohème, and Migrations, plus Cherry Town, Moscow, a Youth Opera production) shows signs of speed in recovery, albeit in a more sombre fiscal climate. Audience targets and financial targets were met by 74% and 73%, respectively.

The 2021-22 operatic season was delivered across nine venues in England and Wales:

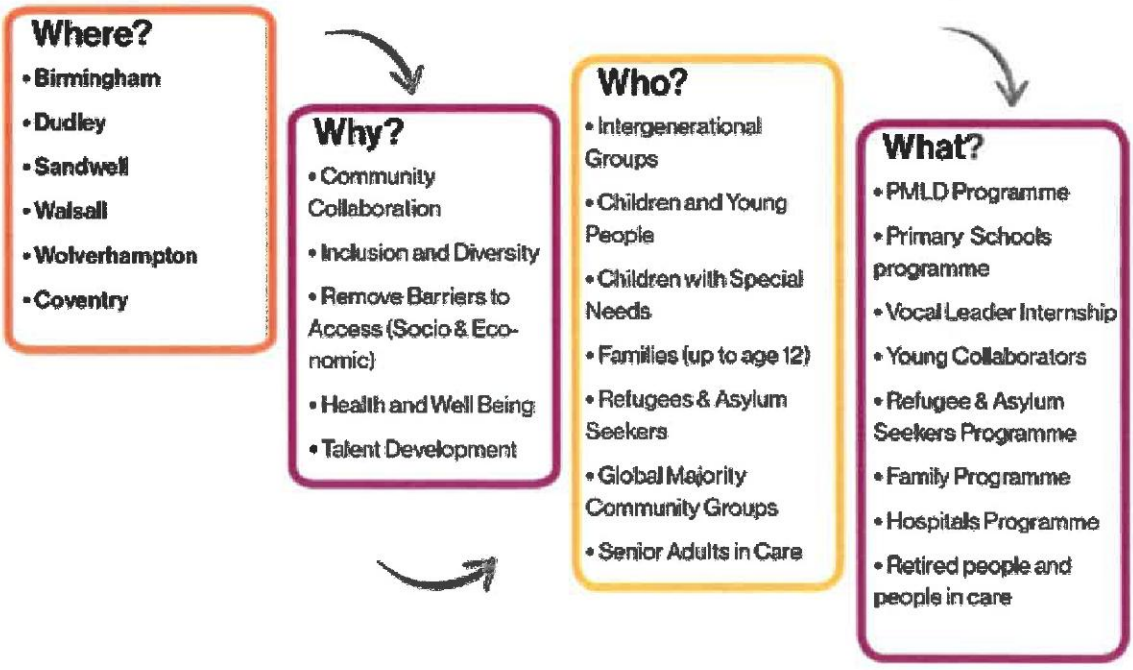


Strategic Report (continued)

During the year our Programme and Engagement activity continued in communities with a focus being delivered in Wales and West Midlands.

Delivery in Wales equates to £19 per head:

Delivery in West Midlands equates to £15 per head with 85% participation from global majority and low-income backgrounds:



Throughout the period, Arts Council England and Arts Council Wales maintained their regular funding, giving us confidence to plan a full season of activity. We are also deeply grateful to the many individuals, trusts and foundations, and corporate partners who maintained their support of WNO throughout this very challenging period. Expenditure across all areas of the company has been managed effectively in the year. With so much financial and economic uncertainty at the beginning of the period, we were pleased to deliver a break-even position for the financial year.

External Factors

As WNO continues to work within an environment of the most challenging of circumstances caused by the global pandemic along with the economic uncertainty of post Covid recovery, Brexit, and the cost-of-living crisis. The return of our audiences to theatres and live performances remains a challenge and ticket sales are on average 25% below expected levels for the Autumn season of 2022.

The UK government's 'levelling up' aim to **increase prosperity, widen opportunity, and ensure no region is left behind** has had a significant impact on the recent Arts Council England funding announcements, where a regional model of delivery for opera in England has been presented with no supporting clarity for the decision. There has been a high-profile outcry to undertake a wide scale opera review involving the opera companies. Senior members of the Arts Council England attended a Digital, Culture, Media and Sports select committee meeting on 7 December 2022, to respond to questions around WNO and ENO's funding offer and stipulations. As a touring company visiting seven venues twice a year in England, WNO have had a cut of 35% of the Arts Council England funding from March 2023, on the basis that our touring will reduce to four venues only. Discussions continue with Arts Council England around the details of the funding agreement for 2023-27, whilst awaiting a final decision on if a wide scale review of Opera in England will be undertaken.

The next round of the investment review for Arts Council Wales is due to commence in January 2023, with final submissions due by 31 March 2023. The confirmation of funding outcomes will be published by end of December 2023 with the new funding agreements commencing in April 2024.

WNO acknowledges that working in this challenging environment requires the company to be more responsive to the changing and diverse needs of our audiences and to deliver our offer in the most efficient and effective way. To continue to deliver word class performances and our targeted activities in the communities we serve, we need to reshape our delivery model to respond to the changing needs of our environment and audiences. The new operating model will build upon the strong and effective relationships we already have in place and continue to develop and nurture talent to ensure the arts ecology remains strong in Wales and the wider UK.

Strategic Report (continued)

Bringing Audiences Back

2021-22 was the first uninterrupted season for WNO since the COVID pandemic, and the long wait has ensured a mutual appetite for attendance to opera performances – with the Company eager to return to normal practices, and audiences keen to start experiencing live events in the auditorium.

At the end of the 2021-22 Season, WNO conducted an audience survey during July-August 2022 with the aim of taking the pulse of the regular WNO audience towards a broad range of relevant topics at four of its main-scale venues – Cardiff, Llandudno, Southampton, and Birmingham. The results confirmed the anticipated change in the audience behaviour, i.e. significant increase in late bookings, potential decrease in frequency of visits (with around 25% planning to attend fewer performances), and cost-of-living concerns surpassing those around COVID safety when it comes to booking tickets (with 40% stating that they had reduced their spending on cultural activities during 2022.)

The survey results are in line with those from a wider cultural industry-wide exercise by Audience Agency, whose findings reveal that fears surrounding COVID have been 'softening', with 'half feeling "back to normal"'. Similarly, attendance rates have been improving, indicating a 90% increase. Seconding WNO's findings is the anticipated decrease in frequency of visits, posing long-term challenges for the post-pandemic recovery, while the vast majority (92%) are worried about the effects of the cost-of-living crisis.

WNO acknowledges that the road to recovery will not be a short one, and the survey findings demonstrate that any audience development project should focus equally on audience recovery/retention and recruiting new audiences as the gradual return of existing audiences has not been finalised. However, it also gives WNO the opportunity to address in a multitude of ways the long-term perception issue around opera as an art form.

The prolific output by WNO in terms of community, outreach, school, and health projects will continue to flourish, tackling this issue along the way and reaching thousands of new audiences who would otherwise not be given the chance to experience opera in their lives. Similarly, new productions (e.g. Madam Butterfly and The Makropulos Affair) and new commissions (e.g. Migrations, and The Shoemaker) will help the Company to make the genre stay relevant to the new century we live in.

These are programme-centric efforts, which should continue without interruption. A more side-lined issue, however, stems from lack of sense-checking opera's relevance to the needs of today's audiences for main-scale performances, who are getting shorter of time – and now, also of money. We need to argue tirelessly for why a particular form of singing-and-drama that claims quite a few hours from an attendee's day should be loved and appreciated by the widest possible audiences. The industry tries to tackle this by introducing ticket initiatives, creating engaging digital and social media content, and introducing new event formats and experiences.

One big gap, however, lies more in the communications zone, with companies falling short in conveying to its target audiences the arguments around why opera should specifically be seen as a need in people's lives. There is no clear industrywide strategy around how to address the cost-of-living crisis, but this will not deny the fact that opera – alongside other artistic and cultural experiences – will have to resist against being pushed further down on people's list of priorities and affordability, competing against all sorts of expenses and decision-making coming with each.

Bringing Audiences Back (Continued)

The blind spot here is more about selling the 'experience', rather than the opera titles, in key messaging. In a world where commercial products and services continue to be all about appealing to people's senses and emotions in their narrative, the marketing campaigns, including those by WNO, mostly highlight operatic titles and/or composer names, plus performance dates, and the plot. In its brand communication strategy for the coming months, WNO will address this by recalibrating its approach to such messaging, highlighting its fundamental promise, and make the key message around opera part of its brand voice.

Income Generation

We continue to aim to increase our commercial sources of income as part of our financial strategy to become more sustainable by relying less on public funding; however, the recovery from the pandemic continues to have an impact and has necessitated a review of the timescale for these plans.

Donations and legacies for the year totalled £906 thousand, as compared to £1.36 million in 2020/21 and we are grateful for the generosity of our major donors and the Trusts and Foundations that support our work.

We continue to raise commercial income through Cardiff Theatrical Services (CTS) although its activities have also been severely reduced due to the closure of theatres and other venues. Set hire also brings in some income, although this is understandably rather unpredictable.

Organisational Capacity and Culture

To become a more efficient and effective organisation we have developed a new strategic plan for 2023-26.

The strategic plan will drive the transformation of WNO that will see the company retain its national and international status, but with a network of local hubs, designed to build close bonds between the company and its respective communities. Its programming will be a blend of performances and participatory projects, with a special emphasis on co-created work.

In support of the WNO strategy a new People Strategy has been developed, that will focus on delivering a more diverse, modern, agile, creative and efficient workforce. We will have strong inspirational leadership and engaged colleagues who understand WNO's vision and strategic plan and the contribution they make to achieving them. We will ensure our colleagues are listened to and shape business decisions for the future.

Delivering the aims and objectives of our strategic plan will require organisational transformation. The greatest impact in terms of "the WNO employment experience" comes from the managers who work, develop, and build relationships with their teams on a daily basis. We want to ensure that every colleague feels valued and appreciated for the work they do, whilst ensuring they are listened to in shaping the business.

As an employer committed to equality and diversity, we understand our responsibility to foster a more inclusive organisation and will work with our teams to achieve accreditation for inclusive ways of working. We will also embrace our social credentials providing further opportunities to engage our colleagues in helping our communities.

Strategic Report (continued)

Finance

The recovery of the Covid-19 pandemic continues to have an impact on the organisation's finances.

The reliance upon public funding and the vulnerability that brings to government policy and funding cuts is a concern that needs to be addressed. The recent Arts Council England funding announcement of 35% cut in funding from April 2023 is making the transformation of the company's operating model a priority. There is a recognition that the level of transformation required to reshape a fully contracted touring company model in the short term isn't achievable, due to internal restructuring timescales. In addition to the added complication that seasons are planned two to three years in advance, and we have venue and artist contractual commitments already in place until spring 2024.

Therefore, a phased approach to reshaping our offer will be required with a target date of summer 2024 to be delivered. To support this phased approach a financial strategy will be developed to support the new operating delivery model from 2023-2026, this will include making an application to the Arts Council England Transform Stage 2 for bridge funding to support any additional transformation costs required to move to the new operating model.

The new operating model will form the basis of the Arts Council Wales Investment Review application in March 2023. We will continue to explore alternative forms of commercial income through a targeted funding strategy, which will support the shift to more diverse financial model and work towards mitigating the risk of us being heavily reliant upon public funding in the future.

Board

The WNO Board met 6 times during 2021/22.

In July 2022, three new trustees were appointed and there were two resignations in January 2022. Details can be found in Directors' and Officers' note on page 56 of this report. All the appointments were made following an open and transparent recruitment and selection process, which included the use of advertising and recruitment and selection specialists.

Subsidiaries

WNO has two wholly owned subsidiaries. Details of both are included in note 18.

Cardiff Theatrical Services Limited was established in 1984 as the in-house workshop for WNO and has a reputation for building outstanding quality scenery for some of the World's leading performing arts companies, visitor attractions and exhibitions.

During 2021/22 CTS provided services for many different organisations including:

Almeida Theatre Company, ATG Productions Ltd, Blue Man Group, Buena Vista Theatrical Group Ltd, Cameron Mackintosh, Chicago Tour Ltd, Cromwell Productions Ltd, English National Opera, Get Down Tours Ltd, Glyndebourne Festival Opera, Into the Woods Musical Ltd, Lyric Theatre Hammersmith, Mask 2020 Ltd, MM! The Party Ltd, Mountview Academy of Theatre Arts, National Theatre, National Trust, Opera North, Rebel X Ltd, Royal Court Theatre, Royal Opera House, Royal Shakespeare Company, Runaway 222 Show Ltd, Showman Productions Ltd, Teen Angel Productions Limited, The Royal Horticultural Society, The Bridge Theatre, Time Travel Productions Limited, Welsh National Opera, Wild Creations Ltd.

WNO Productions Limited was set up in 2014 to create and prepare theatrical productions for the Welsh National Opera Group of companies.

Public benefit

Welsh National Opera's public benefits are covered by its vision and values as shown on page 2.

The directors have considered the Charity Commission's guidance on public benefit when reviewing the Company's aims and objectives and in planning future activities. In particular, the directors have considered how the planned activities will contribute to the Company's aims and objectives.

Our activities are planned in advance of the year being reported, and from the outset of the planning stage consideration is given to the likely public benefits of those activities, and how they fulfil the Company's mission. The details of the activities carried out, including activities aimed at encouraging specific audience groups, are shown in the business performance strand 1 review under the Artistic Content and Presentation section.

A member of staff is available at all of our performances and events to respond to participant or audience issues. Feedback and participation from audiences is encouraged in our programmes, through surveys, through our website and through activities outside the main productions.

Children and young people participate in many of our productions and activities; all our projects involving young people are supported by suitably qualified professionals and artists.

We aim to be of benefit to the widest possible public; to encourage audiences and participants we perform in easily accessible theatres in major towns and cities in England and Wales. Our Programmes and Engagement department encourages audiences through activities in communities and schools. Marketing output and our website encourage audiences from all walks of life and our pricing policy is based on a commitment to affordability wherever we perform, both through affordable prices to opera performances and free activities.

Strategic Report (continued)

Environmental sustainability

The Company monitors its energy consumption and environmental impact and recycles its productions and sets extensively. The Company has incentives in place for staff to minimise their environmental impact while travelling and encourages rail use whenever possible. It has also contributed to the *Theatre Green Book*, an industry-wide initiative to reduce the carbon footprint of the performing arts sector.

Welsh language

The Welsh Language Standards (No. 2) Regulations ('the Regulations') specify service delivery standards; policy making standards; operational standards; and record keeping standards.

Welsh National Opera is one of 32 organisations to which the Regulations are specifically applicable and as such the organisation has been fully compliant with the Standards since the end of July 2017.

Financial Review

The Consolidated Statement of Financial Activities for the Group and its subsidiaries is shown on page 24.

Overall the Group's activities resulted in net incoming resources of £31,000 (2021 - incoming resources of £2,602,000).

Income

Total incoming resources increased by £4,431,000 (32%) to £18,162,000 (2021 – £13,731,000) primarily as a result of the re-opening of theatres post-Covid and the resumption of touring activity.

Expenditure

Overall expenditure this year increased by £8,236,000 (69%) to £20,169,000 (2021 – £11,933,000). This was as a result of the re-opening of theatres throughout the year and the resumption of touring activity, which in turn contributed to an increase in main scale opera expenditure of £6,969,000.

Expenditure on charitable activities increased by £7,338,000 (70%) and now accounts for 88% of all expenditure (2021 – 87%).

Subsidiaries

Cardiff Theatrical Services Limited enables WNO to maintain its own excellent set-making facilities and continues to build sets for many other clients. The subsidiary made a profit after taxation of £95,000 (2021- loss of £122,000) during the year after contributing an appropriate share of premises and overhead costs to WNO.

WNO Productions Limited was formed in 2014 to create and prepare theatrical productions for the Group.

Details of both subsidiaries are included in note 18.

Fixed assets, investments and cash

Fixed assets purchased during the year amounted to £33,000 (2021- £57,000) primarily replacement computers and equipment.

After investing the funds referred to above, at the year-end the group held cash at bank of £3,590,000 (2021 – £6,517,000) including a production reserve of £2,002,000 (2021 – £2,002,000).

The Group holds its cash in major UK clearing banks. The Investment Committee regularly reviews the Group's banking arrangements and investment policy and in May 2014 it invested £2,332,000 of reserves which are held for the long term (over three years) into an investment portfolio, For the year to 31 August 2022 the portfolio returned income of 3.26% which is in line with target income of between 2.8% and 3.5% per annum. These investments, which are openly traded investments and securities are classified as fixed asset investments with a market value of £3,115,000 at year-end (2021 - £3,121,000) (see note 7b).

Pension

Group employees contributed to a defined contribution pension scheme; the Group's defined benefit scheme was closed to new entrants and future accrual on 5 April 2009 but continues to be maintained by the trustees for its pensioners (see note 17). The surplus on the defined benefit scheme amounted to £2,696,000 at 31 August 2022 (2021– surplus of £1,015,000) with an actuarial gain of £1,664,000 shown in the year (2021 - gain of £2,187,000). These movements reflect the changes in the valuation of the actual assets and estimated liabilities in the scheme, and do not represent crystallised net assets or liabilities.

Risk management

The Board recognises its legal responsibility to provide an annual Risk Management Statement to show they have given due and proper consideration of the charity's major risks and that they have satisfied themselves of the adequacy of the systems which are in place to manage those risks (Charities (Accounts and Reports) Regulations 2008).

Detailed review authority is delegated to the Audit and Risk Committee, which meets on a biannual basis. The Committee is made up of two Board Trustees, two external members with specialist knowledge/experience and is also attended by the General Director and the Executive Director and the Chair of Trustees in an Ex-Officio capacity. Findings and recommendations are made to the full Board of Trustees, along with a summary of the risk register.

The board considers risk to be the opportunities/uncertainties which may impact its ability to deliver its vision/mission/strategy or which may jeopardise the WNO's compliance with legal and regulatory requirements.

In applying a particular approach, the Board aims to assess and agree its own appetite to the risks identified, which enables the executive team to manage them accordingly. For example is the Board:

- risk averse, where avoidance of the risk is a key organisational objective;
- risk balanced, where the preference of the board is for delivery options having a low degree of inherent risk/may only have limited potential for reward or;
- risk seeking where the board is perhaps keen to be innovative and therefore willing to choose options offering potentially higher rewards (albeit with greater inherent risk.

Strategic Report (continued)

Risk management (continued)

In identifying and assessing risk, WNO looks at both internal and external factors which may impact its strategic objectives, as well as its financial position. In addition, there are key leading and lagging indicators, which may influence its ability to over or under achieve what it has set out to do. Risk areas have been aligned to the organisation's strategic objectives and have been categorised into the following:

a) Financial (e.g. loss of income, pension liabilities, cash flow, reserves)
b) Operational (e.g. staff skills/welfare/collective agreements, resources, business continuity)
c) Reputational (artistic quality, partner agreements)
d) Strategic (e.g. economic climate, government policy)

The organisation is also mindful of other potential significant risks, which underpin and run across all the above:

e) Legal (e.g. H &S breach, legal/regulatory responsibilities, breach of trust)
f) Governance (e.g. organisational controls, trustee skills, conflicts of interest)

The trustees can confirm there have been no reportable serious Incidents during this period and are kept aware of the renewed guidance given by the Charity Commission on safeguarding, governance, complaints handling, staff engagement and public trust in charities.

The Board recognises that risks ebb and flow, depending on both external and internal factors. Therefore, the management of these risks is a dynamic process, which requires regular review. The organisation's approach to managing risk is multi-faceted, depending on the type of risk and includes:

- stopping the activity to avoid the risk completely
- mitigating the risk to best possible controls measures
- transferring the financial consequences to insurers or outside companies
- accepting the risk as unavoidable.

The trustees can confirm there have been no reportable Serious Incidents during this period and are kept aware of the renewed guidance given by the Charity Commission on safeguarding, governance, complaints handling, staff engagement and public trust in charities.

Reserves

As at 31 August 2022 the total funds held by the Group stood at £12,695,000 (2021 - £11,000,000); of this total £2,319,000 was classed as restricted or endowed funds (2021 - £2,624,000) leaving unrestricted funds totalling £10,376,000 (2021 - £8,376,000).

The Group has set a minimum level of free reserves of £2,500,000. This provides the Group with a short-term safety net in the event of unforeseen shortfalls in income and is based on a risk assessment of all the Group's sources of income. This level of reserves is considered by the Board to be the appropriate acceptable level of free reserves to provide for the stability of the Group.

The calculation of free reserves is shown below and shows free reserves of £3,698,000 (2021 - £3,276,000); the remaining unrestricted reserves have been designated to support the planning of our artistic output in future years and to enable strategic change.

Strategic Report (continued)

Free reserves

This refers to the Group's free reserves which are calculated as directed by SORP as follows:

At 31 August	2022 £'000	2021 £'000
Total unrestricted funds	**10,376**	**8,376**
Exclude designated funds - restructuring reserve (Note 13)	(437)	(437)
Exclude designated funds – production reserve (Note 13)	(2,002)	(2,002)
Exclude designated funds – CJRS income (Note 13)	-	-
Less fixed assets	(1,543)	(1,646)
Exclude pension reserve	(2,696)	(1,015)
Free reserves	**3,698**	**3,276**

Directors' Report

Governance and Management

The Company is a registered charity constituted as Company Limited by Guarantee and does not have share capital (See note 12).

The reference and administrative details of the Company are shown on page 56, and the details of the Directors of the Company, who are also its members and charitable trustees, are shown on page 57.

Governance

As required by the Company's Articles of Association, directors are appointed by the members of the Company at the annual general meeting of the Company, after nomination by a member. The Board's membership is drawn from Wales, London and the English regions. Between them directors possess the range of expertise, skills and experience necessary to carry out the full remit of the Board's responsibilities.

New directors are provided with an induction to the Group and given guidance as to the role and responsibilities of being both a charity trustee and a company director. A copy of the Governance Code is provided for each director as part of the induction process.

The Board is responsible for approving overall policies, plans and organisation.

Directors may expect to serve two consecutive terms of three years in office and are eligible to serve a third term if approved by the Board, following a review by the Nominations Committee. An extension of office beyond three terms is only considered in exceptional circumstances. The Chair of the Group is expected to serve for two terms of office irrespective of how long they have served as a director prior to appointment, if relevant.

The directors who held office during the year and up to the date of signing of the Financial Statements are listed in the Group Details section beginning on page 56.

Directors' interests

Directors have no interests in the Group or the related bodies shown in note 19 to the Financial Statements. Directors received no remuneration as directors in the year (2021 - £nil).

Senior Management

The Executive Team is made up of the General Director, plus the Music Director both of whom report directly to the Board. A new role of Executive Director was recruited in November 2022, who is responsible for the strategic direction and leadership of the resources functions.

The Senior Management Team comprises departmental directors with responsibility for artistic administration, chorus and orchestra, engagement and partnerships, development, communications and strategy, technical operations, people & culture, marketing and sales, and finance.

Note 4 contains details of the arrangements in relation to Senior Management remuneration.

Employee involvement

During the year meetings took place with employees and their representatives to share an understanding of the Group's performance and the financial and economic factors that affect it. These meetings enable the Group to take into account the views of employees when making decisions likely to affect their interests. The Group also continues to invest in staff training and development, and operates a staff appraisal system.

Directors' Report (continued)

Equal opportunities and diversity

The Group is committed to a policy of equal opportunities in its employment practices. The Group does not own or manage any of its performing venues, but monitors facilities for disabled patrons and encourages the theatre owners to improve facilities where necessary. Full consideration is given to the employment and training of disabled persons as permitted by the conditions of employment. It is Company policy to ensure that continued employment is offered, wherever possible, to employees who become disabled during the course of their employment.

The Group is currently reviewing its Equality Policy and creating a new, robust Diversity Action Plan which will move the Group forward in the areas of artistic, workforce and audience diversity.

Post balance sheet events

WNO received notification of the Arts Council England funding offer for 2023-26 at the beginning of November 2022. The allocation for WNO's funding has been reduced by 35% (£6.1m down to £4m per annum for the three years) from 1st April 2023. The offer is based upon WNO reducing the current touring pattern from seven venues to four venues during the three year period. WNO are in the process of developing three-year financial plans that are based on transforming the business model to delivering a new efficient and effective repertoire and touring pattern by 2024-25. ACE Transform Stage 2 Funding is available via an application process, which allows organisations who have had their ACE funding cut to bid for bridging funding to contribute to any additional costs during the reshaping exercise. The bidding round for Stage 2 funding will close on 6th February 2023 and the outcomes will be communicated to bidders at the end of March 2023.

Directors' Report (continued)

Going concern

The directors have assessed the Company's ability to continue as a going concern after taking into account the financial impact relating to the recent funding announcement from Arts Council England (ACE) for 2023-2026. The directors have considered several factors when forming their conclusions as to whether the use of the going concern basis is appropriate when preparing these financial statements including liquidity, cash resources, liabilities, and the support available from ACE Transform Stage 2 Funding scheme. After assessing the impact of possible income and cost reduction scenarios, the directors have concluded that the charity has a reasonable expectation that there are adequate resources to continue to operate for at least 12 months from the date of signing of the financial statements and have continued to prepare the financial statements on a going concern basis.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

A resolution to reappoint Azets Audit Services will be proposed at the forthcoming Annual General Meeting.

The Directors' Report and the Strategic Report were approved by the Board of Directors and signed on its behalf by:

Yvette Vaughan Jones, Chair

Date: 23rd February 2023

Statement of Trustees' Responsibilities

The trustees (who are also directors of Welsh National Opera Limited for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the strategic report and directors' report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

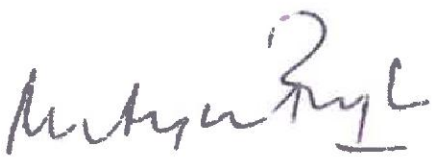
The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board of Trustees



Independent Auditor's Report to the Members of Welsh National Opera Limited

Opinion

We have audited the financial statements of Welsh National Opera Limited (the "parent charity") and its subsidiaries (the 'group') for the year ended 31 August 2022 which comprise the consolidated Statement of Financial Activities, the consolidated and parent company Balance Sheet, the consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and of the parent charity's affairs as at 31 August 2022 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other 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 opinion.

Conclusions relating to going concern

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

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

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

Independent Auditor's Report to the Members of Welsh National Opera Limited (continued)

Other information

The other information comprises the information included in the trustees annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the strategic report and directors' report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charity or returns adequate for our audit have not been received from branches not visited by us;
- the parent charity financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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 they 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 trustees are responsible for assessing the group and charity'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 trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Welsh National Opera Limited (continued)

Auditor responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act.

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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

Independent Auditor's Report to the Members of Welsh National Opera Limited (continued)

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

Andrew Howells
Senior Statutory Auditor
For and on behalf of
Azets Audit Services
Chartered Accountants and Statutory Auditors
Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
CF23 8AB

Date 23-03-2023

Consolidated Statement of Financial Activities

Incorporating the income and expenditure account for the year ended 31 August 2022

Years to 31 August:	Note	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2022 £'000	Total 2021 £'000
Income and endowments from:						
Charitable activities	2a	4,150	-	-	4,150	107
Donations		592	182	-	774	1054
Legacies		82	50	-	132	303
General grants	2a	10,848	-	-	10,848	11,098
Trading income		2,156	-	-	2,156	1,091
Investment income		44	2	56	102	78
Total income		**17,872**	**234**	**56**	**18,162**	**13,731**
Expenditure on:						
Charitable activities		17,750	2	-	17,752	10,414
Raising funds		356	-	-	356	334
Trading expenditure		2,061	-	-	2,061	1,185
Total expenditure	2b	**20,167**	2	-	**20,169**	**11,933**
Other recognised gains and losses						
Net (losses)/gains on investments		(3)	-	(3)	(6)	492
Net income/(expenditure) before tax		**(2,298)**	232	**53**	**(2,013)**	**2,290**
Taxation	18	2,044	-	-	2,044	312
Net income/(expenditure) for the year	3	**(254)**	232	53	31	**2,602**
Transfers						
Transfer from endowment fund		53		(53)	-	
Transfer from restricted funds	13	537	(537)	-	-	-
Other gains/losses						
Actuarial (losses)/gains in the defined benefit pension scheme	17	1,664	-	-	1,664	2,187
Net movement in funds		**2,000**	**(305)**	-	**1,695**	**4,789**
Fund balance brought forward	16	8,376	655	1,969	11,000	6,211
Fund balance carried forward		**10,376**	**350**	**1,969**	**12,695**	**11,000**

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

All income and expenditure derive from continuing activities. The notes on pages 28 to 55 form part of these financial statements. No separate income and expenditure account is presented for the parent Company in accordance with the provisions of s.408 of the Companies Act 2006. The total income for the parent company is £16,568,000 (2021 -£14,556,000). The result reported in the accounts of the parent Company is a deficit of £1,507,000 (2021 - surplus £5,703,000).

Consolidated Balance Sheet

As at 31 August 2022

	Note		31 August 2022 £'000		31 August 2021 £'000
Fixed assets					
Tangible assets	7a		1,543		1,646
Investments	7b	3,115		3,121	
		4,658		4,767	
Current assets					
Stocks	8		114		94
Debtors	9		3,450		2,194
Cash and bank deposits	10		3,590		6,517
			7,154		8,805
Creditors: amounts falling due within one year	11		(1,813)		(3,587)
Net current assets			5,341		5,218
Total assets less current liabilities			9,999		9,985
Net assets excluding pension liability			9,999		9,985
Defined benefit pension (liability)/asset	17		2,696		1,015
Net assets			12,695		11,000
Unrestricted funds					
Other charitable funds	13		4,373		4,054
Designated funds	13		2,439		2,439
Revaluation reserve	13		868		868
Pension reserve	17		2,696		1,015
Total unrestricted funds	13		10,376		8,376
Restricted funds	14		350		655
Endowment funds	15		1,969		1,969
Total charity funds			12,695		11,000

The notes on pages 28 to 55 form part of these financial statements

The financial statements of Welsh National Opera Limited, company registered number 00454297, were approved by the Board of Directors and authorised for issue on 23rd February 2023

Signed on behalf of the Board of Directors:

Martyn Ryan - Trustee

Company Balance Sheet

As at 31 August 2022

	Note		31 August 2022 £'000		31 August 2021 £'000
Fixed assets					
Tangible assets	7a		1,543		1,646
Investments	7b	3,115		3,121	
		4,658		4,767	
Current assets					
Stocks	8		114		94
Debtors	9		1,537		1,824
Cash and bank deposits	10		3,337		6,360
			4,988		8,278
Creditors: amounts falling due within one year	11		(1,673)		(3,259)
Net current assets			**3,315**		**5,019**
Total assets less current liabilities			**7,973**		**9,786**
Net assets excluding pension liability			**7,973**		**9,786**
Defined benefit pension (liability)/asset	17		2,696		1,015
Net assets			**10,669**		**10,801**
Unrestricted funds:					
Other charitable funds	13		2,347		3,855
Designated funds	13		2,439		2,439
Revaluation reserve	13		868		868
Pension reserve	17		2,696		1,015
Total unrestricted funds	13		**8,350**		**8,177**
Restricted funds	14		350		655
Endowment funds	15		1,969		1,969
Total charity funds			**10,669**		**10,801**

The notes on pages 28 to 55 form part of these financial statements.

No separate income and expenditure account is presented for the parent Company in accordance with the provisions of s.408 of the Companies Act 2006. The total income for the parent company is £16,568,000 (2021 - £14,556,000). The result reported in the accounts of the parent Company is a deficit of £1,507,000 (2021 - surplus £5,703,000).

The financial statements of Welsh National Opera Limited, company registered number 00454297, were approved by the Board of Directors and authorised for issue on 23rd February 2023

Signed on behalf of the Board of Directors: **Martyn Ryan - Trustee**

Consolidated Cash Flow Statement

Years to 31 August:	Note	2022 £'000	2021 £'000
Net cash flow from operating activities (see below)		(3,112)	3,556
Interest received		102	78
Investing activities:			
Proceeds from sale of investments (shares etc.)	7b	832	474
Investments (in shares etc.)	7b	(714)	(442)
Purchases of fixed assets	7a	(33)	(57)
Proceeds from sale of fixed assets	2a	-	-
Net cash movement		**(3,207)**	**3,609**
Opening cash at bank and in hand		6,517	2,908
Closing cash at bank and in hand		**3,590**	**6,517**

Net cash flow from operating activities		2022	2021
Years to 31 August:		£'000	£'000
Net income for the year		31	2,602
Adjustments for:			
Release from reserves		-	-
Movement in WNO Endowment Fund		-	-
Interest receivable		(102)	(78)
Depreciation charges	7a	136	135
Profit on sale of fixed assets	2a	-	-
Movement in investments	7b	(112)	(493)
Operating cash flow before movement in working capital		**(47)**	**2,166**
Movements in working capital:			
Movement in stocks	8	(20)	(51)
Movement in debtors	9	(1,256)	857
Movement in creditors	11	(1,772)	589
Adjustment for pension funding	17	(17)	(5)
		(3,065)	**1,390**
Net cash (outflow)/inflow from operating activities		**(3,112)**	**3,556**

No separate statement of cash flows is presented for the parent Company in accordance with the provisions of s408 of the Companies Act 2006.

The notes on pages 28 to 55 form part of these financial statements.

Notes to the Financial Statements

1. Accounting Policies

Welsh National Opera Limited is a registered charity incorporated in England and Wales as a company limited by guarantee without share capital. The trustees are also the members of the Company. Each member has undertaken to contribute a sum not exceeding £10 to the assets in the event of winding up. The registered office is given on page 55.

Basis of accounting

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Basis of consolidation

Group financial statements have been prepared in respect of Welsh National Opera Limited and its wholly-owned subsidiaries, Cardiff Theatrical Services Limited and WNO Productions Limited, on a line by line basis. The results of the subsidiaries are set out in note 18.

No separate statement of financial activities and income and expenditure account has been presented for the Charity alone as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the Statement of Recommended Practice: Charities SORP (FRS 102).

Notes to the Financial Statements

1. Accounting Policies (continued)

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the board in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount.

Income from grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Income from charitable activities and trading income is recognised in the period to which the service relates with any amounts received in advance being deferred.

No amounts are included in the financial statements for services and time donated by volunteers.

Interest on funds is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividend income is recognised on the date the charity's right to receive payment is established.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Notes to the Financial Statements

1. Accounting Policies (continued)

Expenditure recognition

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. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs in relation to generating income such as fundraising and events, marketing and publicity and certain costs associated with the charity's trading subsidiaries.
- Expenditure on charitable activities includes all costs relating to the furtherance of the charity's objectives as stated in the trustees report.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Expenditure in respect of productions to be presented in a future financial period is charged at the time of the first performance of the production. Such expenditure includes the company's share of the costs of the set, props, costumes, wigs, rehearsals and marketing of that production.

An analysis has been provided for the charitable activities on a departmental basis.

Costs where possible are attributed directly to the activity to which they relate. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Governance costs comprise all costs involving public accountability of the charity and its compliance with regulation and good practice.

Taxation

As a registered charity Welsh National Opera Limited is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only.

Theatre Tax Relief

Amounts due to Welsh National Opera in respect of Theatre Tax Relief, is included in the financial year to which the claim relates within Income from Charitable Activities rather than as a tax credit or a reduction in expenditure as the nature and intention of Theatre Tax Relief is akin to government grant income.

Notes to the Financial Statements

1. Accounting Policies (continued)

Fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses or in cases where fixed assets have been donated to the charity, at valuation at time of acquisition.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Category of Asset:	Depreciation Policy:
Long leasehold premises	Depreciated over 50 years
Vehicles	10% to 25% per annum on a straight-line basis
Equipment, fixtures and fittings	9% to 33% per annum on a straight-line basis

The Group's long leasehold premises were valued upon transition to FRS 102, and this value has now been adopted by the Group as the deemed cost as permitted by FRS102. Other fixed assets are included at cost less accumulated depreciation.

Costs of creating opera productions are written off in full at the time of the first performance of the production by the Company.

Investments

Fixed asset investments in quoted shares, traded bonds and similar investments are valued at initially at cost and subsequently at fair value (their market value) at the year end. The same treatment is applied to unlisted investments unless fair value cannot be measured reliably in which case it is measured at cost less impairment.

Stocks

Stocks consist of raw materials and are stated at the lower of cost and net realisable value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Capital grants, in accordance with Accounting and Reporting by Charities: (SORP 2015), are accounted for within restricted funds. Accordingly, this fund is reduced by the depreciation arising on the tangible fixed assets acquired with the grant.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

1. Accounting Policies (continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

Employee Benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pensions

For defined contribution schemes:
The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due and are allocated against unrestricted funds.

Notes to the Financial Statements

1. Accounting Policies (continued)

For the defined benefit scheme:
The Group retains a defined benefit pension scheme which was closed to new entrants and future accrual with effect from 5 April 2009. Note 17 sets out full disclosures in accordance with FRS 102 'Retirement Benefits'.

The assets of the scheme are held separately in an independently administered fund.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in income/ (expenditure) for the year.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other recognised gains and losses in the period in which they occur and are not reclassified to income/(expenditure) in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Operating leases

Rental costs under operating leases are charged to the statement of financial activities on a straight-line basis over the period of the lease.

Critical accounting judgements and key sources of estimation uncertainty

In the application of charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Pensions accounting requires an estimation of actuarial assumptions. These represent the charity's best estimate of the variables that will determine the liability at the year-end. The trustees do not consider there are any other critical judgements or sources of estimation uncertainty requiring disclosure.

Notes to the Financial Statements

2. Analysis of Charitable Activity

(a) Income:	Unrestricted funds	Restricted Funds	Endowment Fund	Year	Year
Years to 31 August:	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2021 £'000
Box office and similar income	1,466	-	-	1,466	7
Programmes & Engagement	39	-	-	39	18
Income from other charitable activity	2,645	-	-	2,645	82
Profit on disposal of fixed assets	-	-	-	-	-
Income from charitable activities	**4,150**	**-**	**-**	**4,150**	**107**
Grants receivable:					
Arts Council England	6,236	-	-	6,236	6,236
Arts Council of Wales	4,612	-	-	4,612	4,592
HMRC CJRS	-	-	-	-	270
General grants	**10,848**	**-**	**-**	**10,848**	**11,098**

The majority of the income in both years is derived from activities in the UK with less than £100,000 arising from the European Union and £2.4m from Dubai.

(b) Expenditure on charitable activities

Years to 31 August:	Direct activity 2022 £'000	Support costs 2022 £'000	Year 2022 £'000	Direct activity 2021 £'000	Support costs 2021 £'000	Year 2021 £'000
Main-scale opera	14,829	1,727	**16,556**	8,154	1,433	**9,587**
Programmes & Engagement	1,086	110	**1,196**	736	91	**827**
Charitable activity	**15,915**	**1,837**	**17,752**	**8,890**	**1,524**	**10,414**
Fundraising	299	57	**356**	287	47	**334**
Trading	2,061	-	**2,061**	1,185	-	**1,185**
Total expenditure	**18,275**	**1,894**	**20,169**	**10,362**	**1,571**	**11,933**

Notes to the Financial Statements

2. Analysis of Charitable Activity (continued)

(c) Support costs

Years to 31 August:	2022 £'000	2021 £'000
Wales Millennium Centre premises	311	207
Finance & IT	823	766
Administration, HR	688	514
Governance costs	1	-
Defined Benefit Scheme pension costs	71	84
Support costs	**1,894**	**1,571**
Allocation of support costs to activities based on direct costs incurred:		
Opera	1,727	1,433
Programmes & Engagement	110	91
Fundraising	57	47
Support costs	**1,894**	**1,571**

The allocation of support costs to trading activity is factored into the transfer pricing arrangements, so no further allocation is required.

3. Net Income and Expenditure

(a) Net incoming / (outgoing) resources is stated after charging:

Years to 31 August:	2022 £'000	2021 £'000
Rentals under operating leases – land and buildings	180	181
Rentals under operating leases – equipment	14	14
Depreciation – owned assets	136	135
Auditor remuneration as statutory auditor	38	49
Other non-audit fees paid to the auditor	-	-

The auditor, Azets Audit Services, additionally provides audit services to the Welsh National Opera Limited Pension Scheme which has independent trustees to the charity paying audit fees of £5,925 (2021 - £5,925).

Notes to the Financial Statements

3. Net Income and Expenditure (continued)

(b) Net income for the parent Company

A separate statement of financial activities has not been included in respect of Welsh National Opera Limited. Included in the consolidated statement of funds are the following amounts in respect of Welsh National Opera Limited:

Years to 31 August:	2022	2021
	£'000	£'000
Total incoming resources	16,329	14,556
Net (deficit)/surplus for the year	(1,507)	3,516
Actuarial (loss)/gain on defined benefit scheme (see note 17)	1,664	2,187
(Deficit)/surplus including actuarial (loss)/gain in the pension scheme	157	5,703

4. Employee Costs and Numbers

Group and Company

Employee costs during the year (including temporary staff) amounted to:

Years to 31 August:	2022	2021
	£'000	£'000
Wages and salaries	7,850	7,647
Social security costs	828	720
Other pension costs	400	431
Pension deficit costs	71	27
	9,149	**8,825**

Included in employee costs above are the costs of 134 temporary and casual staff (2021 – 75) who were employed during the year paying total wages and salaries of £943,616 (2021 – £476,926). Redundancy and termination payments totalling £17,889 for the year ended 31st August 2022 (2021: £267,192). Amounts outstanding at the yearend totalled £nil (2021: £nil) are also included.

Monthly average numbers of permanent employees by activity were:

Years to 31 August:	2022	2021
	Number	Number
Opera	159	174
Programmes and Engagement	14	11
Support	14	12
Fundraising	11	8
Trading	22	26
	220	**231**

Notes to the Financial Statements

4. Employee Costs and Numbers (continued)

The number of Group employees whose emoluments excluding pension contributions but including benefits in kind were in excess of £60,000 was:

Years to 31 August:	2022 Number	2021 Number
£60,000 - £69,999	2	2
£70,000 - £79,999	4	3
£80,000 - £89,999	1	1
£90,000 - £99,999	-	-
£100,000 - £109,999	-	-
£110,000 - £119,999	-	-
£140,000 - £149,999	1	1

Senior management pay

The senior management personnel of the Company and the Group are listed on page 56. The total remuneration (including pension contributions and freelance fees) in respect of the senior managers of the Company and Group for the year amounted to £926,653 (2021 - £784,372).

The remuneration and terms of employment of the General Director are set by the Board and reviewed annually. Those of other senior managers are reviewed annually and subject to periodic comparison with similar roles.

Directors' emoluments

The directors received no remuneration for their roles as directors in the year (2021 - £nil) and no accommodation and travel expenses were reimbursed to directors during the year (2021- £nil). Tickets for performances are purchased at box office prices by the directors other than for a small number of complimentary tickets for official hosting and marketing purposes.

Notes to the Financial Statements

5. Taxation on Ordinary Activities

Welsh National Opera Limited is a Company limited by guarantee and is a registered charity.

As a registered charity Welsh national Opera Limited is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only. The charity has two wholly-owned subsidiaries:

i) Cardiff Theatrical Services Limited is, however, subject to tax. In the current year no corporation tax (2021 - £nil) was incurred by the subsidiary.

ii) WNO Productions Limited is also subject to tax and applied for Theatre Tax Relief on the major productions created in the year to 31 August 2022 amounting to £2,043,568 (2021 £312,133).

6. Operating Lease Commitments

The Company and Group were committed to making the following future minimum lease payments in respect of operating leases:

Years to 31 August:	2022	2021
	£	£
Due, 1 year	106,459	118,136
Due 2-5 years	112,000	114,533
Due > 5 years	2,277,742	2,305,742

7. Fixed Assets

7a. Tangible fixed assets

Group and Company	Long leasehold	Vehicles	Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 September 2021	1,500	555	1,722	3,777
Additions	-	-	33	33
Disposals	-	-	-	-
At 31 August 2022	**1,500**	**555**	**1,755**	**3,810**
Depreciation				
At 1 September 2021	180	465	1,486	2,131
Charge for the year	30	23	83	136
Disposals	-	-	-	-
At 31 August 2022	**210**	**488**	**1,569**	**2,267**
Net book value				
At 31 August 2021	1,320	90	236	1,646
At 31 August 2022	**1,290**	**67**	**186**	**1,543**

Notes to the Financial Statements

7a. Tangible fixed assets (continued)

The other long leasehold premises have been professionally valued by Lambert Smith Hampton, Chartered Surveyors, on an open market, existing use and vacant possession valuation basis, upon transition to FRS102, at 31 August 2015 at £1,500,000 in accordance with the Royal Institution of Chartered Surveyors Valuation – Professional Standards UK January 2014 (revised April 2015).

Due to the restrictions over the use of the space within the Wales Millennium Centre occupied by WNO in the lease which runs to 2995, this specialised asset is estimated to have no commercial value and its net book value of £218,000 was written off at 31 August 2015.

The organisation is implementing an integrated HR/Payroll system from MHR at a cost of £67,371 and that the final payment will be made once the system goes live in 2023.

7b. Fixed asset investments

Brewin Dolphin Limited is the investment manager of the Company's long-term funds. The following investments were held and managed by Brewin Dolphin at the year-end:

Group and Company: At 31 August	2022 £'000	2021 £'000
Corporate bonds and cash	519	471
Equities:		
- UK	1,139	1,157
- US	970	797
- Other equities	422	629
- Property	65	67
	3,115	**3,121**

The movements in investments held were as follows:

Years ended 31 August:	2022 £'000	2021 £'000
Market value at the beginning of the year	**3,121**	**2,628**
Additions at cost	714	442
Disposals at carrying value	(832)	(474)
Net realised and unrealised (losses)/gains	112	525
Market value at the end of the year	**3,115**	**3,121**
Historical cost at the end of the year	**2,718**	**2,500**
Included within the above is cash held within the portfolio totalling	**142**	**50**

Other investments

The Company also held 100% of the share capital in its trading subsidiaries at the beginning and end of the year (see note 18 for details):

- Cardiff Theatrical Services Limited (historical cost £90), and
- WNO Productions Limited (historical cost £100).

8. Stocks

At 31 August	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Raw materials	**114**	**94**	**114**	**94**

Stocks comprise materials held in the workshops for use in building sets and scenery for sale to third-party customers.

9. Debtors

Amounts falling due within one year:

At 31 August	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Trade debtors	532	353	240	61
Amounts owed by Group undertakings	-	-	464	179
Other debtors	123	70	43	61
Taxation	2,044	314	40	66
Prepayments and accrued income	751	1,457	750	1,457
	3,450	**2,194**	**1,537**	**1,824**

Amounts owed by Group undertakings comprise amounts due from Cardiff Theatrical Services Limited for normal monthly transactions.

10. Cash at Bank and In Hand

At 31 August	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Cash at bank and in hand	**3,590**	**6,517**	**3,337**	**6,360**

The Company has no borrowings or overdraft facilities.
A significant proportion of the Group's liquid assets is held as fixed asset investments (note 7b).

Notes to the Financial Statements

11. Creditors: Amounts Falling Due Within One Year

At 31 August	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Trade creditors	101	94	101	94
Other creditors including taxation	352	357	352	357
Accruals	494	335	487	330
Deferred grant income	388	448	388	448
Other deferred income	478	2,353	345	2,030
	1,813	**3,587**	**1,673**	**3,259**

Other deferred income arises from co-productions, future productions and the work of Cardiff Theatrical Services Limited.

Analysis of movement in other deferred income

At 31 August	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Brought forward	2,353	2,214	2,030	2,047
Released in year	(1,875)	(136)	(1,685)	(17)
Received in year	-	275	-	-
Carried forward	**478**	**2,353**	**345**	**2,030**

Analysis of movement in deferred grant income

At 31 August	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Brought forward	448	66	448	66
Released in year	(10,848)	(10,446)	(10,848)	(10,446)
Received in year	10,788	10,828	10,788	10,828
Carried forward	**388**	**448**	**388**	**448**

12. Company Status

The Company is a registered charity constituted as a Company Limited by Guarantee and does not have share capital. The liability of each member is limited to £10, the maximum number of members being 20. The actual number of members at 31 August 2022 was 9 (2021 -14).

Notes to the Financial Statements

13. Unrestricted Funds

At 31 August 2022

Group	Opening balance £'000	Incoming resources £'000	Resources expended £'000	Gains / (losses) £'000	Transfers £'000	Closing balance £'000
Restructuring reserve	437	-	-	-	-	437
Production reserve	2,002	-	-	-	-	2,002
Pension reserve	1,015	-	-	1,681	-	2,696
Revaluation reserve	868	-	-	-	-	868
Income and expenditure	4,054	19,917	(20,185)	(3)	590	4,373
Total Group funds	**8,376**	**19,917**	**(20,185)**	**1,678**	**590**	**10,376**

Company	Opening balance £'000	Incoming resources £'000	Resources expended £'000	Gains / (losses) £'000	Transfers £'000	Closing balance £'000
Restructuring reserve	437	-	-	-	-	437
Production reserve	2,002	-	-	-	-	2,002
Pension reserve	1,015	-	-	1,681	-	2,696
Revaluation reserve	868	-	-	-	-	868
Income and expenditure	3,855	16,568	(18,663)	(3)	590	2,347
Total Company funds	**8,177**	**16,568**	**(18,663)**	**1,678**	**590**	**8,350**

The Designated funds are made up of the Restructuring and Production reserves as detailed below.

A 'Restructuring' reserve has been designated to enable investment in change and forms part of the Company's unrestricted reserves. It also incorporates what was formerly known as the Media fund.

The 'Production' reserve is set aside to support the planning of an ambitious repertoire in future years, especially important with the long planning lead times for large-scale operas and to support exploitation of the Company's work.

Notes to the Financial Statements

13. Unrestricted Funds (continued)

At 31 August 2021

Group	Opening balance	Incoming resources	Resources expended	Gains / (losses)	Transfers	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000
Restructuring reserve	437	-	-	-	-	437
Production reserve	1,155	-	-	-	847	2,002
CJRS reserve	504				(504)	-
Pension reserve	(1,145)	-	(27)	2,187	-	1,015
Revaluation reserve	868	-	-	-	-	868
Income and expenditure	2,433	13,203	(11,906)	211	113	4,054
Total Group funds	**4,252**	**13,203**	**(11,933)**	**2,398**	**456**	**8,376**

Company	Openingbalance	Incoming resources	Resources expended	Gains / (losses)	Transfers	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000
Restructuring reserve	437	-	-	-	-	437
Production reserve	1,155	-	-	-	847	2,002
CJRS reserve	504				(504)	-
Pension reserve	(1,145)	-	(27)	2,187	-	1,015
Revaluation reserve	868	-	-	-	-	868
Income and expenditure	1,320	14,239	(12,028)	211	113	3,855
Total Company funds	**3,139**	**14,239**	**(12,055)**	**2,398**	**456**	**8,177**

Notes to the Financial Statements

14. Restricted Funds

At 31 August 2022

Group and Company	Opening balance £'000	Incoming resources £'000	Resources expended £'000	Revalue £'000	Transfers £'000	Closing balance £'000
Seligman Trust	74	2	-	-	-	76
Schaefer Bursary	18	-	-	-	-	18
C Ball Bursary	5	-	(2)	-	-	3
Parry Family Bursary	11	-	-	-	-	11
Dunard	300	-	-	-	(300)	-
Other	247	232	-	-	(237)	242
Total restricted funds	**655**	**234**	**(2)**	**-**	**(537)**	**350**

At 31 August 2021

Group and Company	Opening balance £'000	Incoming resources £'000	Resources expended £'000	Revalue £'000	Transfers £'000	Closing balance £'000
Seligman Trust	63	2	-	10	(1)	74
Schaefer Bursary	18	-	-	-	-	18
C Ball Bursary	7	-	-	-	(2)	5
Parry Family Bursary	10	-	-	-	1	11
Paul Hamlyn Artworks	4	-	-	-	(4)	-
Fidelity	40	-	-	-	(40)	-
Dunard	-	300	-	-	-	300
HMRC CJRS	-	270	-		(270)	-
Other	162	225	-	-	(140)	247
Total restricted funds	**304**	**797**	**-**	**10**	**(456)**	**655**

Restricted funds are held for use under the conditions set out by the donors, such as for specific productions or to support particular types of musical or community activity.

Notes to the Financial Statements

15. Endowment Funds

At 31 August 2022

Group and Company	Opening balance	Interest income	Resources expended	Revalue	Closing balance
	£'000	£'000	£'000	£'000	**£'000**
Mary Warner Trust	1,394	40	-	(2)	**1,432**
RW Pethybridge	501	14	-	(1)	**514**
Sir John Moores Award	74	2	(53)	-	**23**
Total endowment funds	**1,969**	**56**	**(53)**	**(3)**	**1,969**

At 31 August 2021

Group and Company	Opening balance	Interest income	Resources expended	Revalue	Closing balance
	£'000	£'000	£'000	£'000	£'000
Mary Warner Trust	1,172	30	-	192	1,394
RW Pethybridge	421	11	-	69	501
Sir John Moores Award	62	2	-	10	74
Total endowment funds	**1,655**	**43**	**-**	**271**	**1,969**

The Mary Warner Trust is a permanent endowment created under the terms of a legacy, and managed by a defined group of trustees for the objects set out in the gift: the training and development of tenors of Welsh origin.

The RW Pethybridge fund is an expendable endowment fund held for the benefit of the people of Wales who are disabled, elderly, or in prison.

The Sir John Moores Award fund is a permanent endowment held for the granting of an annual award for the career development of a young artist.

Notes to the Financial Statements

16. Analysis of Net Assets Between Funds

At 31 August 2022

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total £'000
Tangible fixed assets	1,543	-	-	1,543
Fixed asset investments	1,336	64	1,715	3,115
Net current assets	4,801	286	254	5,341
Pension reserve	2,696	-	-	2,696
Net assets	**10,376**	**350**	**1,969**	**12,695**
Company				
Tangible fixed assets	1,543	-	-	1,543
Fixed asset investments	1,336	64	1,715	3,115
Net current assets	2,775	286	254	3,315
Pension reserve	2,696	-	-	2,696
Net assets	**8,350**	**350**	**1,969**	**10,669**

At 31 August 2021

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total £'000
Tangible fixed assets	1,646	-	-	1,646
Fixed asset investments	1,339	64	1,718	3,121
Net current assets	4,376	591	251	5,218
Pension reserve	1,015	-	-	1,015
Net assets	**8,376**	**655**	**1,969**	**11,000**
Company				
Tangible fixed assets	1,646	-	-	1,646
Fixed asset investments	1,339	64	1,718	3,121
Net current assets	4,177	591	251	5,019
Pension reserve	1,015	-	-	1,015
Net assets	**8,177**	**655**	**1,969**	**10,801**

Notes to the Financial Statements

17. Pension Schemes

The disclosures below have been prepared for Welsh National Opera Limited (the "Company") in relation to benefits payable from the Welsh National Opera Limited Pension Scheme (the "Scheme").

There were no Company contributions to the Scheme for the year ended 31 August 2022, and Company contributions for the year ending 31 August 2023 are expected to be nil.

The valuation used for FRS 102 disclosures has been based on a full assessment of the liabilities of the Scheme as at to 31 August 2021. The present values of the defined benefit obligation were measured using the projected unit credit method.

The principal assumptions used to calculate the liabilities under FRS 102 are set out below:

	Assumptions		
	31 August 2022	31 August 2021	31 August 2020
	% p.a.	% p.a.	% p.a.
RPI Inflation	3.50	3.30	2.95
CPI Inflation	3.05	2.80	2.35
Pension increases (Pre April 1997 in excess of GMP)	3.00	3.00	3.00
Pension increases (April 1997 – April 2005)	2.95	2.75	2.35
Pension increases (Post April 2005)	2.05	2.00	1.80
Discount rate for Scheme liabilities	4.30	1.75	1.70
Longevity for member currently aged 65:			
- Male	21.9	21.9	21.2
- Female	24.3	24.3	23.2
Longevity for member reaching 65 in 20 years:			
- Male	23.2	23.2	22.5
- Female	25.7	25.7	24.7

Notes to the Financial Statements

17. Pension Schemes (continued)

	Fair value of assets		
	31 August 2022	31 August 2021	31 August 2020
	£'000	£'000	£'000
Equities	7,952	9,686	8,662
Index-linked gilts	6,074	7,920	6,714
Corporate bonds	1,541	1,770	1,693
Other	81	78	61
Total	**15,648**	**19,454**	**17,130**

Reconciliation of funded status to balance sheet

	Value at 31 August 2022	Value at 31 August 2021
	£'000	£'000
Fair value of Scheme assets	15,648	19,454
Present value of funded defined benefit obligations	(12,952)	(18,439)
(Deficit)/surplus	**2,696**	**1,015**
(Liability)/asset recognised on the statement of financial position	2,696	1,015

Analysis of profit and loss

	Value at 31 August 2022	Value at 31 August 2021
	£'000	£'000
Administration expenses	-	-
Net interest cost	(17)	20
Past service cost	-	7
Expense recognised in profit and loss	**(17)**	**27**

Notes to the Financial Statements

17. Pension Schemes (continued)

Changes to present value of the defined benefit obligation

	Value at 31 August 2022 £'000	Value at 31 August 2021 £'000
Opening defined benefit obligations	18,439	18,275
Administration expenses	-	-
Interest cost	320	307
Remeasurement (gains)/losses		
- Actuarial losses on Scheme liabilities in respect of assumptions	(6,473)	854
- Actuarial losses on Scheme liabilities in respect of experience	1,026	(377)
- From change in demographic assumptions	(13)	(145)
Net benefit paid out	(347)	(482)
Past service cost	-	7
Closing defined benefit obligation	**12,952**	**18,439**

Changes to the fair value of Scheme assets

	Value at 31 August 2022 £'000	Value at31 August 2021 £'000
Opening fair value of Scheme assets	19,454	17,130
Interest income on Scheme assets	337	287
Actuarial gains/(losses)		
- Return on Scheme assets less interest income	(3,796)	2,519
Contributions by the Company	-	-
Net benefits paid out	(347)	(482)
Closing fair value of Scheme assets	**15,648**	**19,454**

Analysis of amounts recognised in the Statement of financial activities

	Value at 31 August 2022 £'000	Value at31 August 2021 £'000
Return on Scheme assets less interest income	(3,796)	2,519
(Losses)/gains on financial assumptions	6,473	(854)
(Losses)/gains on demographic assumptions	13	145
Experience Gains on Scheme liabilities	(1,026)	377
Total (loss)/gain	**1,664**	**2,187**

17. Pension Schemes (continued)

Actual return on Scheme assets

	Value at 31 August 2022 £'000	Value at 31 August 2021 £'000
Interest income on Scheme assets	337	287
Return on Scheme assets less interest income	(3,796)	2,519
Total return on Scheme assets	**(3,459)**	**2,806**

18. Additional Information on Subsidiaries

Welsh National Opera Limited has two subsidiaries:

Cardiff Theatrical Services Limited - company registration 01705868 which is incorporated in the UK.

Registered office - Ellen Street, Cardiff, CF10 4TT

Acquired by Welsh National Opera Limited for £nil on 1 April 1989, the share capital of Cardiff Theatrical Services Limited comprises 90 ordinary shares of £1 which are all wholly-owned by Welsh National Opera Limited.

The purpose of Cardiff Theatrical Services Limited is to act as the trading arm of Welsh National Opera Limited, primarily undertaking sales of theatrical sets, costumes and properties and transportation for Welsh National Opera Limited and external parties. Theatrical sets are produced within a production division of Welsh National Opera Limited and charged to Cardiff Theatrical Services Limited at full cost.

The trading results of the subsidiary were as follows:

Years to 31 August:	2022 £'000	2021 £'000
Turnover	2,395	1,303
Cost of sales	2,295	(1,418)
Gross profit	**100**	**(115)**
Administrative expenses	(5)	(7)
Operating profit/(loss)	**95**	**(122)**
Gift Aid to parent company	-	-
Profit/(Loss) before taxation	**95**	**(122)**
Taxation	-	-
Profit/ (loss) for the financial year	**95**	**(122)**

The aggregate of the assets, liabilities and funds was:

At 31 August	2022 £'000	2021 £'000
Assets	572	448
Liabilities	(595)	(566)
Shareholder funds	**(23)**	**(118)**

Notes to the Financial Statements

18. Additional Information on Subsidiaries (continued)

Included within turnover and cost of sales is inter-company trade

At 31 August	2022	2021
	£'000	£'000
Sales	287	212
Purchases	2,746	1,425
Amounts outstanding at year end	**104**	**179**

Statement of Changes in Equity

Company	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1st September 2020	90	3,706	3,706
Year ended 31 August 2021:			
Profit and total comprehensive income for the year	-	(122,115)	(122,115)
Distributions to parent charity under gift aid			
Balance at 31 August 2021	**90**	**(118,409)**	**(118,319)**
Year ended 31 August 2022:			
Loss and total comprehensive income for the year	-	**(23,210)**	**(23,210)**
Balance at 31 August 2022	**90**	**(23,210)**	**(23,120)**

Notes to the Financial Statements

18. Additional Information on Subsidiaries (continued)

WNO Productions Limited – company registration 09247950 which is incorporated in the UK.

Registered office – Wales Millennium Centre, Bute Place, Cardiff CF10 5AL

Formed by Welsh National Opera Limited on 3 October 2014, the share capital of WNO Productions Limited comprises 100 ordinary shares of £1 which are all wholly-owned by Welsh National Opera Limited.

The purpose of WNO Productions Limited is to create and prepare theatrical productions for the Welsh National Opera Group of companies.

The trading results of the subsidiary were as follows:

Years to 31 August:	2022	2021
	£'000	£'000
Turnover	10,870	2,476
Cost of sales	(10,859)	(2,465)
Gross profit	**11**	**11**
Administrative expenses	(11)	(11)
Operating profit / (loss)	**-**	**-**
Profit / (Loss) before taxation	**-**	**-**
Theatre tax relief on productions	2,044	312
Profit retained in subsidiary	**2,044**	**312**

The aggregate of the assets, liabilities and funds was:

At 31 August	2022	2021
	£'000	£'000
Assets	2,056	328
Liabilities	(7)	(11)
Shareholder funds	**2,049**	**317**

Notes to the Financial Statements

18. Additional Information on Subsidiaries (continued)

	2022	2021
	£'000	£'000
At 31 August		
Sales	10,870	2,476
Purchases	10,870	2,476
Amounts outstanding at year end	-	-

Statement of Changes in Equity

Company	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1st September 2020	100	1,107,605	1,107,705
Year ended 31 August 2021:			
Profit and total comprehensive income for the year		(790,472)	(790,472)
Balance at 31 August 2021	100	317,133	317,233
Year ended 31 August 2022:			
Loss and total comprehensive income for the year	-	**2,043,568**	**2,043,568**
Distributions' to parent charity under gift aid	-	**(312,133)**	**(312,133)**
Balance at 31 August 2022	**100**	**2,048,568**	**2,048,668**

Notes to the Financial Statements

19. Related Parties

Welsh National Opera Limited has connections to the following independently registered charities:

Welsh National Opera Benevolent Trust (charity 1085756).

At 31 August	2022	2021
	£	£
Income received	68	5,509
Funding awarded	(300)	(5,000)
Debtor	-	-

Welsh National Opera Endowment Fund (charity 1146595).

At 31 August	2022	2021
	£	£
Investment income	33,705	25,861
Bursaries applied for	20,000	60,000
Debtor	59,248	87,284
Creditor	20,000	60,000
Value of portfolio	1,041,789	1,043,834

Consolidated Statement of Financial Activities 2021

Incorporating the income and expenditure account for the year ended 31 August 2021

Years to 31 August:	Note	Unrestricted funds £'000	Restricted funds £'000	Endowed funds £'000	Total 2021 £'000	Total 2020 £'000
Income from:						
Charitable activities	2a	107	-	-	107	1,894
Donations		529	525	-	1,054	742
Legacies		303	-	-	303	306
General grants	2a	10,828	270	-	11,098	11,892
Trading income		1,091	-	-	1,091	909
Investment income		33	2	43	78	73
Total income		**12,891**	**797**	**43**	**13,731**	**15,816**
Expenditure on:						
Charitable activities		10,414	-	-	10,414	16,813
Raising funds		334	-	-	334	424
Trading expenditure		1,185	-	-	1,185	910
Total expenditure	2b	**11,933**	-	-	**11,933**	**18,147**
Net (losses)/gains on investments	7b	211	10	271	492	(208)
Net income/(expenditure) before tax		**1,169**	**807**	**314**	**2,290**	**(2,539)**
Taxation	18	312	-	-	312	1,103
Net income/(expenditure) for the year	3	**1,481**	**807**	**314**	**2,602**	**(1,436)**
Transfer from restricted funds	13	456	(456)	-	-	-
Other gains/losses						
Actuarial (losses)/gains in the defined benefit pension scheme	17	2,187			2,187	881
Net movement in funds		**4,124**	**351**	**314**	**4,789**	**(555)**
Fund balance brought forward		4,252	304	1,655	6,211	6,766
Fund balance carried forward		**8,376**	**655**	**1,969**	**11,000**	**6,211**

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

All income and expenditure derive from continuing activities. The notes on pages 28 to 55 form part of these financial statements.

No separate income and expenditure account is presented for the parent Company in accordance with the provisions of s.408 of the Companies Act 2006. The total income for the parent company is £14,556,000 (2020 - £18,851,000). The result reported in the accounts of the parent Company is a surplus of £5,703,000 (2020 - surplus £958,000).

Reference and administrative details

Company Details

Welsh National Opera Limited

(Company limited by guarantee and without share capital)

Registered office	Wales Millennium Centre Bute Place Cardiff CF10 5 AL
Company number	00454297 (registered in England and Wales)
Charity number	221538
VAT registration	GB 218 9895 51

Professional Advisers

Auditor	Azets Audit Services Ty Drew Lime Tree Court Cardiff Gate Business Park Cardiff CF23 8AB
Solicitors	Darwin Gray Solicitors Helmont House Churchill Way Cardiff CF10 2HE
Bankers	Lloyds Bank plc 31 Queen Street Cardiff CF10 2AG

Bank deposits are also held at National Westminster and Barclays.

Investment Managers

Brewin Dolphin
5 Callaghan Square
Cardiff CF10 5BT

Directors and Officers

Board of Directors and Committees

The directors are also the Company's charitable trustees. The directors who served throughout the financial year, unless otherwise stated, and the committees they attend, are shown below:

		Main Board	Audit & Risk	Nominations	CTS Ltd	H&W Group	All Wales Strategy
Nicola Amery		X	X	Chair			
Lynne Berry CBE		X		X		X	
Chitra Bharucha MBE		X			X		
Manon Edwards Ahir		X				Chair	X
Sam Jones		X		X			
Henry Little		X		X			
Martyn Ryan		X	Chair				
Yvette Vaughan Jones (Chair)		Chair		X (obs)			
Aileen Richards		X			X	X	
Stepehen Harrison					Chair		
Geraint Davies			X				
Nigel Goldsworthy			X				
Dr Arun Midha	(Appointed 29.07.22)	X					X
Claire Pillman	(Appointed 29.07.22)	X	X				
Prof Medwin Hughes	(Appointed 29.07.22)		X				Chair

The Board meets a minimum of six times per year, delegating appropriate matters to the Audit & Risk and Nominations committees. Each committee determines its own frequency for meetings subject to the requirement to meet at least twice each year.

Executive Team

Aidan Lang	General Director
Stephanie Bradley	Executive Director (Appointed 21.11.22)
Tomáš Hanus	Music Director

Senior Management Team

Huw Davies	Director of Finance & Company Secretary (Retired 16.01.23)
Alison Dunnett	Director of Development, Communications and Strategy (Resigned 28.11.22)
Emma Flatley	Director of Engagement and Partnerships
Peter Harrap	Chorus and Orchestra Director
Jan Michaelis	Technical Director
Alison Woodward	Director of People & Culture
Kate Bayliss	Director of Artistic Administration (Appointed 22.09.21)

WELSH NATIONAL OPERA LIMITED

England & Wales - Charity number 221538

Accounts

WELSH
NATIONAL
OPERA
CENEDLAETHOL
CYMRU

Annual Report and Financial Statements Year ended 31 August 2021

Welsh National Opera Limited

(Company limited by guarantee without share capital)
Company Number: 00454297 (England and Wales)
Charity Number: 221538

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Introduction

The trustees are pleased to present their annual directors' report which incorporates the strategic report, together with the financial statements of the activity for the year ending 31 August 2021, which are also prepared to meet the requirements for a directors' report and accounts for Companires Act purposes.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2019)".

Charitable Objectives

WNO's charitable objects are "... to promote and assist in the advancement of education so far as such promotion and assistance shall be of a charitable nature and in particular, so far as of a charitable nature, to procure and increase the appreciation and understanding of the dramatic art in all its forms in Wales and elsewhere." These words are taken from WNO's Memorandum of Association.

Vision, Mission and Values

WNO's Vision

A world enriched and made inclusive through the power of opera.

WNO's Mission

WNO is a company for everyone and our work will reflect the society in which we live.

We entertain, challenge and inspire.

We are integral to the cultural lives of our communities.

We nurture creative talent so that opera can develop and grow.

As a national Company with international status, we sit at the heart of music-making in Wales and play a valuable role in the communities we serve in England. We work with our partners to discover and nurture young operatic talent, and provide the springboard for international careers. Touring is our lifeblood and we strive to present the highest quality work across our artistic programme, entertaining and inspiring audiences at our operas and concerts and providing transformative experiences through our youth, community and digital work. Building on our 70-year history and our roots in the communities of South Wales, we aim to demonstrate to future generations that opera is a rewarding, relevant and universal art form.

WNO's Values

We are:

Inclusive – We have a workplace culture where all people are respected and valued.

Collaborative – We work as a team to achieve common goals.

Dynamic - We challenge ourselves creatively and encourage new ideas.

Generous - Our people use their talent, knowledge and skills with a generosity of spirit.

Responsible - We act with integrity and accountability.

Chair's Statement

We mark our progress through life with memorable events, interspersed with occasional milestones, and in this respect, the life of an opera company is no different. The year 2021 marks the 75th Anniversary of Welsh National Opera, so the fact that the Covid pandemic prevented us from properly celebrating such a landmark event was a dampener in what proved to be a frustrating and disappointing year as whole. The pandemic effectively wiped out all of the activity that had previously been planned for the year. But resourcefulness is a hallmark of Welsh National Opera, and as the months wore on, and the realisation set in that recovery would be a long way off, the company focused its attention on what could be done, rather than wasting energy in regretting what could not. Indeed, looking back over the past year, what strikes me most is the way that company adapted itself, and produced innovative work that in a normal year, it might not have done.

The most important concern was to maintain the morale of our performing company, and to find some way to bring them together once more. Composite mosaic Zoom performances were an ingenuous way to keep everyone singing and playing, even if it was in their own homes, but they are no substitute for rehearsing and performing in ensemble. Our thanks, therefore, go out to the managements of St David's Hall and the Wales Millennium Centre for giving our orchestra and chorus space to make some recorded performances, which played an important part in the phased return to normal performing. Watching the resulting videos, however, it was sobering to see exactly how much physical space is needed to ensure that we kept everyone to the prescribed 2m distance from each other.

As the year moved on, so the adventurousness of the recordings grew. Our 75th Anniversary was eventually marked with a film of the 'Easter Hymn' from *Cavalleria rusticana*, the opera that was performed in WNO's inaugural 1946 season, in which members of the company gradually joined a procession through Cardiff that passed the key performing venues in WNO's history. And as a companion piece, WNO also commissioned Ifor ap Glyn, the National Poet of Wales, to write *Intermezzo*, a poem celebrating WNO's 75 years, which was performed on camera by a panoply of figures from all areas of Welsh cultural life.

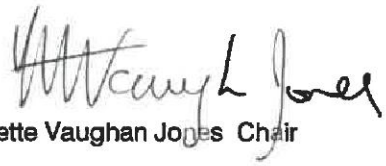
Looking back over the year, I am amazed at the range of digital work that we offered. Not only did we launch our hugely successful on line Play Opera for young people, but also the very wide range of work attracted new and younger audiences. We will ask our recently appointed Director of Audiences, Emrah Tokalaç, to look into how we can capitalise on this. As an example, after the huge success of 'Who wants to live forever', we were delighted to participate once more in Pride Cymru with a recording of 'This is me' from *The Greatest Showman*. And perhaps most significant of all were the series of short films, 'Reimagine' and *A Song for the Future*, The fruits of a collaboration with the Oasis Refugee Centre in Cardiff. *A Song for the Future* was intended originally for a live performance, but this new opera was re-worked for a digital presentation, and resulted in a deeply involving and moving experience.

As the New Year turned and vaccines began to be rolled out, a glimmer of hope emerged that finally we would be able to return to live performances. The WNO Orchestra participated once again in the BBC Cardiff Singer of the World, and at the end of June, we were finally able to perform a fully staged opera. Will Todd's *Alice's Adventures in Wonderland* was given a series of promenade performances in the National Trust's Dyffryn Gardens, and although social distancing rules still meant the audience capacity was heavily reduced, all who attended were thoroughly enchanted by the entire occasion.

The production of *Alice* acted as a portent for our eventual return to full performances as, a full 18 months after the first lockdown, In September 2021 we embarked on a full Autumn season on our usual touring circuit, with a thought-provoking and topical new production of *Madam Butterfly* alongside a revival of our much-loved *Barber of Seville*.

Chair's Statement (continued)

It would be foolish to pretend that that the past year has not been extremely challenging for the company. Much as we were grateful for the video-conferencing technologies, they are no substitute for working together in person. This is true for WNO staff, and also for my fellow board members, the new intake of which went an entire year without meeting their colleagues face-to-face. Opera is very much a people business, and it was heart-warming to see how willing everyone in the company was to go the extra mile to ensure that everyone stayed safe through stringent Covid protocols, and that the company stayed afloat. And for this, we owe an enormous debt of gratitude to both the Arts Council of Wales and Arts Council England, who maintained their grants to WNO throughout the covid period, and ensured that WNO was able to re-emerge intact, once it was safe to do so. We know that we are not yet out of the woods, and that it will probably take many months before our audiences are fully confident to return to a live performance; but we have turned a corner.



Yvette Vaughan Jones Chair

Strategic Report

Business Performance

Pre Covid -19 WNO was working to a rolling five-year business plan which was based aound four broad goals which would allow the company to fulfil its purpose and deliver its mission. They were:

Goal 1: Artistic - Open up opera through presentation, content, innovation and accessibility

Goal 2: Income - Unlock our creative and artistic capital to grow our income streams

Goal 3: Audience - Grow and diversify our audiences by creating a buzz, increasing engagement and becoming unmissable

Goal 4: Relevance - Increase our relevance and inspire ownership throughout Wales, England and internationally

The impact of the global pandemic on the organisations ability to deliver against these goals was significant due to the closure of theatres across the UK for the majority of the financial year, which ran from 1st September 2020 to 31st August 2021.

Being a Wales-based organisation that also tours in England, our planning activities had to contend with the challenges of having differing sets of laws and guidelines being issued from Westminster and Cardiff. Hopes for the reopening of venues in Autumn 2020 were dashed when it became clear that the pandemic would continue to dominate our lives for many months,and the Autumn 2020 tour was therefore cancelled. Throughout the Autumn of 2020, we worked with St David's Hall in Cardiff to rehearse in a socially distanced and Covid-secure way and to record work for future digital release, in the hope that we would be able to tour in front of live audiences in Spring 2021. Sadly, with further lockdowns and restrictions being implemented in November and December 2020, those hopes were also dashed, and the planned Spring 2021 tour had to be cancelled too.

Whilst perfomances in front of a live audience indoors were impossible during 2020 – 21 the Company demonsrated its versatility by providing digital content aimed at reaching audiences old and new. 'Play Opera' opened up a new world to a younger generation, whilst our at-home performances showcased the talents of our own performers, allowing them to work in safety from their own homes through the height of the pandemic.

During the period between September 2020 and August 2021 WNO published 130 videos on Youtube and 228 videos on Facebook, which attracted 285,000 and 250,000 views respectively.

Digital highlights have included:

- 21 performance pieces by the WNO Chorus and Orchestra
- 75th birthday celebration performances pieces including 'Easter Hymn' and commissioned poem *Intermezzo*
- 'This is me' from *The Greatest Showman* featuring Welsh of the West End stars Mared Williams and Tom Hier, Royal Welsh College of Music & Drama Music Theatre singers, alongside the WNO Chorus and WNO Orchestra, to celebrate Pride Cymru 2021
- 'Rearrange' - a series of short films, commissioned to place older, well-known operatic arias in today's world and to show how the themes echoed in the stories are still relevant today.
- *A Song for the Future* - A new opera co-created by composer Boff Whalley, writer Sarah Woods and six writers and musicians who have sought sanctuary in the UK.
- 'Creating Change' – five writers working on our forthcoming opera *Migrations* (composer Will Todd) created individual films looking at the Arts and highlighting what artists can do to influence future change in a time of crisis.

Strategic Report (continued)

- WNO Youth Opera's performance of 'I Shall Not Live in Vain'
- *La voix humaine* - new film of David Pountney's 2016 production takes Poulenc's 20th century opera classic and creates an intense, captivating experience of opera in isolation.

Opera's repertoire model is fundamentally designed to avoid empty days between performances of each opera, that arise due to the necessary recovery time for the soloists in the taxing leading roles. Rotation of two or more titles fills those days, and there is an assumption that in order to fulfil the workload or performances, it is necessary and economical to employ a full-time orchestra and chorus. The repertoire model is also premised on a continual phased addition of repertoire throughout the duration of a season. A working day for the performing forces in tis model will often comprise a rehearsal in the morning and a performance in the evening. WNO's touring repertoire pattern, however, sees three operas rehearsed simultaneously, followed by a long tour consisting solely of opera performances. The consequence of this, however, is frequent under-utilisation of available session time. And opera touring is, in fact, unique to the UK; elsewhere in the world, all repertoire opera houses are situated in one city.

The touring model effectively makes WNO the main opera provider to nine different UK cities, seven in England and two in Wales. This inevitably incurs considerable costs in travel and accommodation. There is, of course, a logic to touring in terms of reach, but sporadic visits make it difficult to successfully maintain contact with audiences throughout the year, and in time to build them.

As the majority of our income (70% in 2019/20 due to the impact of Covid-19, 57% in 2018/19) comes from public funding , through Arts Council Wales and Arts Council England, our business planning is aligned to those bodies' goals and corporate plans, as they need their portfolio organisations to help them achieve the remit given to them by the Welsh and UK governments respectively. One of our challenges is to ensure appropriate balance between Welsh and English activity.

Our core funding helps us to preserve a full-time orchestra and full-time chorus, which, together with the various technical functions, allow our main-scale operas to be mounted to the highest quality. This public income is supplemented by income from ticket sales (box office), fundraising, and some commercial activity, including international touring.

With no indoor live performances possible during 2020 -21, there was a significant reduction in the travel and accommodation expenditure across the majority of the year, and this is the main contributory factor behind the operating surplus for the year.

With the current Covid situation in mind, WNO views the 2022-23 season as one of transition, leading to a more rounded and mature programme from 2023-24 onwards. The operating surplus generated in 2020 -21 will be used to support activity during the next two years. This time will also be used to further develop the organisations thinking about a more efficient and effective operating model, one which blends mainstage performances with the work we undertake in our hub regions.

Pre-lockdown our Programmes and Engagement activity was built around bringing work to the hubs and setting up programmes for people to participate in. As we have learnt through lockdown, both in our digital activity and project work (e.g. *A Song for the Future*), building programmes where we share and exchange ideas with the local participants is a far richer and more rewarding way to work. We will therefore refocus our priorities for 2022-23 onwards, moving towards actively collaborating and creating work with our stategic communities. We will devise work generated by the groups we are working with, as well as with charity and local partner organisations, to create meaningful arts experiences that support people of all ages and backgrounds to engage and make opera.

Strategic Report (continued)

Following our extensive programme of research and consultation with communities on the development of WNO's "hubs", the Company will focus initially on working with communities in the Black Country and North Wales whilst continuing to deliver existing programmes in Southampton and Plymouth through to 2022/23. The approach to our work will be on creative collaboration with communities, audiences, artists and partners. Throughout the lockdown, we have held proactive conversations with potential partners who have helped shaped our understanding of some of the opportunities that are there in the hubs.

Our Hubs programme will be inspired by the stories, themes and content of our touring productions, but our communities will have the space to run with their ideas and to shape stories they want to tell from their own experiences, their own backgrounds and their own communities, thereby developing their creativity, skills and relationship with WNO.

External Factors

The World Health Organisation declared on 11 March 2020 that the outbreak of the coronavirus (Covid-19) was a global pandemic and this announcement was followed shortly after on 16 March 2020 by the immediate closure of all performing venues across the UK. This led to the cancellation of the final six weeks of the Spring 2020 tour and following the imposition of social distancing measures the curtailment of any rehearsals for the Summer tour and its subsequent cancellation. The continutation of the pandemic throughout the summer months and into the 2020/21 financial year led to cancellation of the 2020/21 Autumn and Spring tours.

Live performances outdoors commenced in Summer 2021 with *Alice's Adventures in Wonderland* performed in the grounds of Duffryn Gardens, a National Trust property outside Cardiff.

Indoor live operatic performances re-commenced in Autumn 2021 with the staging of Rossini's *The Barber of Seville* and a new production of Puccini's *Madam Butterfly*.

Early indicators show that audiences are returning to theatres more cautiously than had been hoped, and WNO faces the prospect of earned income falling short of its budgeted targets in the coming months, even though those targets were themselves reduced from what might normally have been anticipated.

Risk Management

The organisations strategic risk register is reviewed twice a year by the Senior Management Team. The Audit & Risk Committee also reviews it twice a year and the Board of Trustees on an annual basis.

The strategic risk register categorises the high level organisational risk into 5 categories, in no order of priority they are:

- Financial
- Operational
- Reputational
- Strategic
- Legal & Governance

Details of all the strategic risks and mitigations can be found within the Strategic Report section on page 13.

Strategic Report (continued)

The trustees can confirm there have been no reportable Serious Incidents during this period and are aware of the renewed guidance given by the Charity Commission on safeguarding, governance, complaints handling, staff engagement and public trust in charities.

Changing Public Perception

WNO acknowledges that opera has a perception problem which we are tackling in a number of ways.In 2018/19, WNO embarked upon a five-year partnership with the Welsh Refugee Council. Our aim is to develop collaborative projects with local refugee and asylum seeker partner organisations; create new opportunities for musicians and artists within this community to develop and showcase their work; and to create work that is fully representative of the diverse communities we serve.

As a national arts organisation rising to the challenge of the new normal yet still unable to perform live work in theatres, Welsh National Opera is feeling more keenly than ever that bringing artists and ideas together through freedom of expression, helps us make sense of an unstable world. 'Creating Change' is an artistic conversation of this kind, where writers, composers, singers and musicians, celebrate the role of art to re-imagine a future of lasting social change.

Co-produced remotely during lockdown *A Song for the Future* was Welsh National Opera's second partnership with Oasis Cardiff. This brand new opera is co-created by composer Boff Whalley, writer Sarah Woods and six writers and musicians (who also perform) who have sought sanctuary in the UK. It iss an opera about inequality, about what it is to feel like to be an outsider. It is a call to action about the necessity of regathering, of remaking the connections between us in order to come together.

We know, through our various strands of engagement work, that people are able to engage wholeheartedly and easily with the art form when they are introduced to it in ways that relate to them. Therefore we have put increasing investment into our programmes and engament work, and have specifically agreed with Arts Council England that we will expand our programme into three key 'hub' areas in England - West Midlands and nin particular the Black Country, Plymouth and Southampton.

. Opera and classical music are some of the best tools available to help spark imagination and creativity in young people, and are excellent catalysts for engaging classroom learning. WNO offers a range of resources to support teachers and educators, as well as singing, music and digital workshops (in VR/AR and digital animation) in schools. Workshops are led by our professional opera singers, orchestral players and animateurs, and can be tailored for school or SEND needs from Key Stage 1 through to 4.

We continued to develop our work in health and wellbeing, providing weekly 'Come & Sing' sessions at University Hospital Wales and our regular dementia-friendly cinema screenings with Theatr Colwyn and Pontio. In addition, we piloted our new Cradle project in Swansea, an intergenerational creative arts project designed to increase dementia awareness in young people and provide a place for those affected by dementia to spend quality time with friends and family through song.

Strategic Report (continued)

Income Generation

We continue to aim to increase our commercial sources of income as part of our financial strategy to become more sustainable by relying less on public funding; however the pandemic has necessitated a review of the timescale for these plans.

Donations and legacies for the year totalled £1.05 million, as compared to £2.4 million in 2018/19 and we are grateful for the generosity of our major donors and the Trusts and Foundations that support our work.

We continue to raise commercial income through Cardiff Theatrical Services (CTS) although its activities have also been severly reduced due to the closure of theatres and other venues. Set hire also brings in some income although this is understandable rather unpredictable.

Organisational Capacity and Culture

In order to become a more efficient and effective organisation, the Company needs to make significant changes to its operation. There are several ongoing activity streams to effect change:

A new integrated planning sysytem is currently being implemented, with the intention of extending our planning horizon and bringing together in on place all the elements required to plan and deliver all activities. This system and the associated changes in process will form the backbone of the operation into the future.

WNO has been developing more professional HR processes for the past few years, and a new integrated HR and payroll system was selected during 2019/20 with implementation commencing in 2020/21.

WNO recognises three trades unions: we need to revise our collective agreements with them as the organisation looks to ways to become more efficient and effective in the use of it's biggest asset, its people. Lockdown has led to a re-evaluation of how we deliver our work, how our work might be delivered in the future and how best to align our people with the delivery of the outcomes we wish to achieve.

Increasing the diversity of our workforce is a significant issue which we need to work on. We established a baseline during 2018/19 with a snapshot diversity survey, which showed we have a workforce that is significantly older than any other Arts Council England National Portfolio Organisation, and which is also less diverse than many.

Finance

The ongoing Covid-19 pandemic has had a significant impact on the organisations finances, both in 2019/20 and 2020/21. The closure of all UK theatres and restrictions on outdoor performances has straddled two financial years, so comparsions with 2018/19, the last full year before the Covid-19 pandemic, should be treated with caution as the scale of operations has been severly reduced. As a touring opera company and not a venue owner and operator, WNO has been shielded from the direct financial impact of venue closures, and the level of grant funding received from both the Arts Council of Wales and Arts Council England has allowed us to continue to support our people through this difficult time.

The uncertainty about when venues will be allowed to reopen has necessitated the modelling of multiple scenarios to cover a range of options, and that modelling work will continue whilst the uncertainty persists.

Strategic Report (continued)

Board

The WNO Board was due to meet six times during 2020/21, but as with the previous year, the number of meetings was increased and the Board has met more frequently since the start of the Covid-19 to consider the impications of the evolving situation. In July 2017 the Board commissioned a Skills and Diversity Audit,which reported in September 2017, and a Board Effectiveness Review, which reported in December 2017. The Skills Audit showed that gaps in opera expertise, audiences/digital and fundraising. The Diversity Audit showed that the WNO Board was short in female trustees, those from a diverse background and people with a disability.

In February 2019, three new trustees were appointed who fulfilled the opera expertise and audiences/digital roles. A further six trustee were then appointed in October 2019, with one further resignation at the end of a third term. Details can be found in Directors' and Officers' note on page 56 of this report. All the appointments were made following an open and transparent recruitment and selection process, which included the use of advertising and recruitment and selection specialists.

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Subsidiaries

WNO has two wholly-owned subsidiaries. Details of both are included in note 18.

Cardiff Theatrical Services Limited was established in 1984 as the in-house workshop for WNO, and has a reputation for building outstanding quality scenery for some of the World's leading performing arts companies, visitor attractions and exhibitions.

During 2020/21 CTS provided services for many different organisations including:

Almeida Theatre Company, ATG Productions Ltd, Bay Productions, Cameron Mackintosh, Chicago Tour Ltd, Coventry City of Culture Trust, Cromwell Productions Ltd, , Donmar Warehouse Projects Ltd, English National Opera, Glyndebourne Festival Opera, Grange Festival, GPO Productions Ltd, MM! The Party Ltd, Mountview Academy of Theatre Arts, National Theatre Wales, National Trust, Opera North, Rebel X Ltd, Royal Opera House, Runaway 222 Show Ltd, Scottish Opera, Teen Angel Productions Limited Welsh National Opera.

WNO Productions Limited was set up in 2014 to create and prepare theatrical productions for the Welsh National Opera Group of companies.

Strategic Report (continued)

Public benefit

Welsh National Opera's public benefits are covered by its vision and values as shown on page 2.

The directors have considered the Charity Commission's guidance on public benefit when reviewing the Company's aims and objectives and in planning future activities. In particular, the directors have considered how the planned activities will contribute to the Company's aims and objectives.

Our activities are planned in advance of the year being reported, and from the outset of the planning stage consideration is given to the likely public benefits of those activities, and how they fulfil the Company's mission. The details of the activities carried out, including activities aimed at encouraging specific audience groups, are shown in the business performance strand 1 review under the Artistic Content and Presentation section.

A member of staff is available at all of our performances and events to respond to participant or audience issues. Feedback and participation from audiences is encouraged in our programmes, through surveys, through our website and through activities outside the main productions.

Children and young people participate in many of our productions and activities; all our projects involving young people are supported by suitably qualified professionals and artists.

We aim to be of benefit to the widest possible public; to encourage audiences and participants we perform in easily accessible theatres in major towns and cities in England and Wales. Our Youth and Community department encourages audiences through activities in communities and schools. Marketing output and our website encourage audiences from all walks of life and our pricing policy is based on a commitment to affordability wherever we perform, both through affordable prices to opera performances and free activities.

Environmental sustainability

The Company monitors its energy consumption and environmental impact and recycles its productions and sets extensively. The Company has incentives in place for staff to minimise their environmental impact while travelling and encourages rail use whenever possible. It has also contributed to the *Theatre Green Book*, an industry-wide initiative to reduce the carbon footprint of the performing arts sector.

Welsh language

The Welsh Language Standards (No. 2) Regulations ('the Regulations') specify service delivery standards; policy making standards; operational standards; and record keeping standards.

Welsh National Opera is one of 32 organisations to which the Regulations are specifically applicable and as such the organisation has been fully compliant with the Standards since the end of July 2017.

Strategic Report (continued)

Financial Review

The Consolidated Statement of Financial Activities for the Group and its subsidiaries is shown on page 23.

Overall the Group's activities resulted in net incoming resources of £2,602,000 (2020 - outgoing resources of £1,436,000).

Income

Total incoming resources decreased by £2,085,000 (13%) to £13,731,000 (2020 – £15,816,000) primarily as a result of an decrease in box office income due to the closure of theatres throughout the financial year.

Expenditure

Overall expenditure this year decreased by £6,214,000 (13%) to £11,933,000 (2020 – £18,147,000). This reduction was as a result of the closure of all theatres throughout the year which resulted in a decrease in mainscale opera expenditure of £5,880,000.

Expenditure on charitable activities fell by £6,399,000 (38%) and now accounts for 87% of all expenditure (2020 – 93%).

Subsidiaries

Cardiff Theatrical Services Limited enables WNO to maintain its own excellent set-making facilities and continues to build sets for many other clients. The subsidiary made a loss after taxation of £122,000 (2020- loss of £21,000) during the year after contributing an appropriate share of premises and overhead costs to WNO. Due to the exceptional nature of the year, during which UK theatres were closed and the demand for set creation significantly reduced, the WNO Board has agreed to continue to support the subsidiary as the sector recovers.

WNO Productions Limited was formed in 2014 to create and prepare theatrical productions for the Group.

Details of both subsidiaries are included in note 18.

Fixed assets, investments and cash

Fixed assets purchased during the year amounted to £57,000 (2020- £206,000) including replacement vehicles, computers and lighting equipment.

After investing the funds referred to above, at the year-end the group held cash at bank of £6,517,000 (2020 – £2,908,000) including a production reserve of £2,002,000 (2020 – £1,155,000).

The Group holds its cash in major UK clearing banks. The Investment Committee regularly reviews the Group's banking arrangements and investment policy and in May 2014 it invested £2,332,000 of reserves which are held for the long term (over three years) into an investment portfolio, For the year to 31 August 2021 the portfolio returned income of 2.9% which is in line with target income of between 2.8% and 3.5% per annum. These investments, which are openly traded investments and securities are classified as fixed asset investments with a market value of £3,121,000 at year-end (2019 - £2,628,000) (see note 7b).

Strategic Report (continued)

Pension

Group employees contributed to a defined contribution pension scheme; the Group's defined benefit scheme was closed to new entrants and future accrual on 5 April 2009 but continues to be maintained by the trustees for its pensioners (see note 17). The surplus on the defined benefit scheme amounted to £1,015,000 at 31 August 2021 (2020 – deficit of £1,145,000) with an actuarial gain of £2,187,000 shown in the year (2020 - gain of £881,000). These movements reflect the changes in the valuation of the actual assets and estimated liabilities in the scheme, and do not represent crystallised net assets or liabilities.

Risk management

The Board recognises its legal responsibility to provide an annual Risk Management Statement to show they have given due and proper consideration of the charity's major risks and that they have satisfied themselves of the adequacy of the systems which are in place to manage those risks (Charities (Accounts and Reports) Regulations 2008).

Detailed review authority is delegated to the Audit and Risk Committee, which meets on a quarterly basis. The Committee is made up of two Board Trustees, two external members with specialist knowledge/experience and is also attended by the General Director and the Finance Director and the Chair of Trustees in an Ex-Officio capacity. Findings and recommendations are made to the full Board of Trustees, along with a summary of the risk register.

The board considers risk to be the opportunities/uncertainties which may impact its ability to deliver its vision/mission/strategy or which may jeopardise the WNO's compliance with legal and regulatory requirements.

In applying a particular approach, the Board aims to assess and agree its own appetite to the risks identified, which enables the executive team to manage them accordingly. For example is the Board:

- risk averse, where avoidance of the risk is a key organisational objective;
- risk balanced, where the preference of the board is for delivery options having a low degree of inherent risk/may only have limited potential for reward or;
- risk seeking where the board is perhaps keen to be innovative and therefore willing to choose options offering potentially higher rewards (albeit with greater inherent risk.

In identifying and assessing risk, WNO looks at both internal and external factors which may impact its strategic objectives, as well as its financial position. In addition, there are key leading and lagging indicators, which may influence its ability to over or under achieve what it has set out to do. Risk areas have been aligned to the organisation's strategic objectives and have been categorised in to the following:

a) Financial (e.g. loss of income, pension liabilities, cashflow, reserves)
b) Operational (e.g. staff skills/welfare/collective agreements, resources, business continuity)
c) Reputational (artistic quality, partner agreements)
d) Strategic (e.g. economic climate, government policy)

The organisation is also mindful of other potential significant risks, which underpin and run across all the above:

e) Legal (e.g. H &S breach, legal/regulatory responsibilities, breach of trust)
f) Governance (e.g. organisational controls, trustee skills, conflicts of interest)

Strategic Report (continued)

The Board recognises that risks ebb and flow, depending on both external and internal factors. Therefore, the management of these risks is a dynamic process, which requires regular review. The organisation's approach to managing risk is multi-faceted, depending on the type of risk and includes:

- stopping the activity to avoid the risk completely
- mitigating the risk to best possible controls measures
- transferring the financial consequences to insurers or outside companies
- accepting the risk as unavoidable.

Reserves

As at 31 August 2021 the total funds held by the Group stood at £11,000,000 (2020 - £6,211,000); of this total £2,624,000 was classed as restricted or endowed funds (2020 - £1,959,000) leaving unrestricted funds totalling £8,376,000 (2020 - £4,252,000).

The Group has set a minimum level of free reserves of £2,500,000. This provides the Group with a short-term safety net in the event of unforeseen shortfalls in income and is based on a risk assessment of all the Group's sources of income. This level of reserves is considered by the Board to be the appropriate acceptable level of free reserves to provide for the stability of the Group.

The calculation of free reserves is shown below and shows free reserves of £3,276,000 (2020 - £1,577,000); the remaining unrestricted reserves have been designated to support the planning of our artistic output in future years and to enable strategic change. The continued closure of venues during 2020/21 resulted in a reduction in the costs associated with touring and allowed the Free Reserves to be rebuilt.

In line with guidance from the Charity Commission, the Board has considered the impact of the pension fund deficit on the reserves of the Group and considers that the Group should be able to make sufficient provision from its future operations to provide for the pension liabilities as they fall due.

Free reserves

This refers to the Group's free reserves which are calculated as directed by SORP as follows:

At 31 August	2021 £'000	2020 £'000
Total unrestricted funds	8,376	4,252
Exclude designated funds - restructuring reserve (Note 13)	(437)	(437)
Exclude designated funds – production reserve (Note 13)	(2,002)	(1,155)
Exclude designated funds – CJRS income (Note 13)	-	(504)
Less fixed assets	(1,646)	(1,724)
Exclude pension reserve	(1,015)	1,145
Free reserves	3,276	1,577

Directors' Report

Governance and Management

The Company is a registered charity constituted as Company Limited by Guarantee and does not have share capital (See note 12).

The reference and administrative details of the Company are shown on page 55, and the details of the Directors of the Company, who are also its members and charitable trustees, are shown on page 56.

Governance

As required by the Company's Articles of Association, directors are appointed by the members of the Company at the annual general meeting of the Company, after nomination by a member. The Board's membership is drawn from Wales, London and the English regions. Between them directors possess the range of expertise, skills and experience necessary to carry out the full remit of the Board's responsibilities.

New directors are provided with an induction to the Group and given guidance as to the role and responsibilities of being both a charity trustee and a company director. A copy of the Governance Code is provided for each director as part of the induction process.

The Board is responsible for approving overall policies, plans and organisation.

Directors may expect to serve two consecutive terms of three years in office and are eligible to serve a third term if approved by the Board, following a review by the Nominations Committee. An extension of office beyond three terms is only considered in exceptional circumstances. The Chair of the Group is expected to serve for two terms of office irrespective of how long they have served as a director prior to appointment, if relevant.

The directors who held office during the year and up to the date of signing of the Financial Statements are listed in the Group Details section beginning on page 56.

Directors' interests

Directors have no interests in the Group or the related bodies shown in note 19 to the Financial Statements. Directors received no remuneration as directors in the year (2020 - £nil).

Senior Management

The Executive Team is made up of the General Director,plus the Music Director both of whom report directly to the Board.

The Senior Management Team comprises departmental directors with responsibility for artistic administration, chorus and orchestra, engagement and partnerships, development, communications and strategy, technical operations, people & culture, marketing and sales, and finance. This team reports to the General Director .

Note 4 contains details of the arrangements in relation to Senior Management remuneration.

Employee involvement

During the year meetings took place with employees and their representatives to share an understanding of the Group's performance and the financial and economic factors that affect it. These meetings enable the Group to take into account the views of employees when making decisions likely to affect their interests. The Group also continues to invest in staff training and development, and operates a staff appraisal system.

Directors' Report (continued)

Equal opportunities and diversity

The Group is committed to a policy of equal opportunities in its employment practices. The Group does not own or manage any of its performing venues, but monitors facilities for disabled patrons and encourages the theatre owners to improve facilities where necessary. Full consideration is given to the employment and training of disabled persons as permitted by the conditions of employment. It is Company policy to ensure that continued employment is offered, wherever possible, to employees who become disabled during the course of their employment.

The Group is currently reviewing its Equality Policy and creating a new, robust Diversity Action Plan which will move the Group forward in the areas of artistic, workforce and audience diversity.

Post balance sheet events

The outbreak of the novel coronavirus (Covid-19) was confirmed to be a global pandemic by the World Health Organisation on 11 March 2020. This resulted in several measures being taken globally by governments to protect the wellbeing of the population. The most significant from a WNO perspective was the closure of all theatres from 16 March 2020 which led to the cancellation of the Spring tour with six weeks of the tour remaining and the subsequent cancellation of the Summer tour. As the impact of the pandemic continued to increase the planned Autumn 2020 season was also cancelled and as the whole of the UK went into lockdown once more in December 2021 the Spring 2021 season was also removed from the schedule.

Despite the cancellation of performances in front of a live audience and the challenges of musicians and singers rehearsing in a socially distanced way the organisation has produced a significant number of pieces of digiatal content.

The Company continues to follow government guidance to safeguard our people and everyone who comes into contact with it. Our continued focus is to: (i) Deliver our charitable objectives, and (ii) Ensure the wellbeing and safety of staff. With no clear indication as to when live performances nor even group rehearsals might be able to resume the Company is focusing on its digital output and continuing as much work as possible through that medium.

Given the timing of the financial year-end these events are considered to be non-adjusting post balance sheet events, who's financial impact on these statements cannot be estimated

Directors' Report (continued)

The post balance sheet non-adjusting events arising from the financial consequences of the Covid-19 pandemic have been considered. Future cash flow forecasts and a number of scenarios have been prepared and the Board of Directors considers that there are sufficient cash resources for at least the next 12 months from the date of signature of the financial statements to manage any foreseeable downturn in the UK and global economy and the closure of the majority of venues until 2021.

Going concern

The directors have assessed the Company's ability to continue as a going concern taking into account the financial impacts of Covid-19. The directors have considered several factors when forming their conclusions as to whether the use of the going concern basis is appropriate when preparing these financial statements including liquidity, cash resources, liabilities and the support available from the various government initiatives including the CJRS Scheme.

Like many organisations, our financial position has been, and will continue to be, impacted by the financial impacts of Covid-19. The cancellation of events, a potential slowdown of donations and the overall slowdown of the economy and their impact on income have all been factored into the financial modelling, which has been reviewed on a regular basis since the lockdown of venues began.

After assessing the impact of possible income reduction scenarios, the directors have concluded that the charity has a reasonable expectation that there are adequate resources to continue to operate for at least 12 months from the date of signing of the financial statements and have continued to prepare the financial statements on a going concern basis.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

A resolution to reappoint Azets Audit Services will be proposed at the forthcoming Annual General Meeting.

The Directors' Report and the Strategic Report were approved by the Board of Directors and signed on its behalf by:

Yvette Vaughan Jones Chair

Date: 26.05.2022

Statement of Trustees' Responsibilities

The trustees (who are also directors of Welsh National Opera Limited for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the strategic report and directors' report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for maintaining proper accounting records which 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. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Yvette Vaughan Jones on behalf of the Trustees.

Independent Auditor's Report to the Members of Welsh National Opera Limited

Opinion

We have audited the financial statements of Welsh National Opera Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31st August 2021 which comprise the consolidated Statement of Financial Activities, the consolidated and parent Balance Sheet, the consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 August 2021 and of the group's incoming resources and application of resources, including 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.

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 responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other 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 opinion.

Conclusions relating to going concern

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

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

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

Independent Auditor's Report to the Members of Welsh National Opera Limited (continued)

Other information

The other information comprises the information included in the trustees annual report , other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the strategic report and directors' report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charity or returns adequate for our audit have not been received from branches not visited by us;
- the parent charity financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report to the Members of Welsh National Opera Limited (continued)

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

Auditor responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act.

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at:https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

The extent to which our procedures are capable of detecting irregularities, including fraud

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

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

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Independent Auditor's Report to the Members of Welsh National Opera Limited (continued)

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Sarah Case

Sarah Case FCA DChA
Senior Statutory Auditor
For and on behalf of
Azets Audit Services
Chartered Accountants and Statutory Auditors
Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
CF23 8AB

Date 30th May 2022

Consolidated Statement of Financial Activities

Incorporating the income and expenditure account for the year ended 31 August 2021

Years to 31 August:	Note	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2021 £'000	Total 2020 £'000
Income and endowments from:						
Charitable activities	2a	107	-	-	107	1,894
Donations		529	525	-	1054	742
Legacies		303	-	-	303	306
General grants	2a	10,828	270	-	11,098	11,892
Trading income		1,091	-	-	1,091	909
Investment income		33	2	43	78	73
Total income		**12,891**	**797**	**43**	**13,731**	**15,816**
Expenditure on:						
Charitable activities		10,414	-	-	10,414	16,813
Raising funds		334	-	-	334	424
Trading expenditure		1,185	-	-	1,185	910
Total expenditure	2b	**11,933**	-	-	**11,933**	**18,147**
Other recognised gains and losses						
Net (losses)/gains on investments		211	10	271	492	(208)
Net income/(expenditure) before tax		**1,169**	**807**	**314**	**2,290**	**(2,539)**
Taxation	18	312	-	-	312	1,103
Net income/(expenditure) for the year	3	**1,481**	**807**	**314**	**2,602**	**(1,436)**
Transfers						
Transfer from restricted funds	14	456	(456)	-	-	-
Other gains/losss						
Actuarial (losses)/gains in the defined benefit pension scheme	17	2,187	-	-	2,187	881
Net movement in funds		**4,124**	**351**	**314**	**4,789**	**(555)**
Fund balance brought forward	16	4,252	304	1,655	6,211	6,766
Fund balance carried forward		**8,376**	**655**	**1,969**	**11,000**	**6,211**

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

All income and expenditure derive from continuing activities. The notes on pages 27 to 54 form part of these financial statements. No separate income and expenditure account is presented for the parent Company in accordance with the provisions of s.408 of the Companies Act 2006. The total income for the parent company is £14,556,000 (2020 - £18,851,000). The result reported in the accounts of the parent Company is a surplus of £5,703,000 (2020 - surplus £958,000).

Consolidated Balance Sheet

As at 31 August 2021

	Note		31 August 2021 £'000		31 August 2020 £'000
Fixed assets					
Tangible assets	7a		1,646		1,724
Investments	7b	3,121		2,628	
		4,767		4,352	
Current assets					
Stocks	8		94		43
Debtors	9		2,194		3,051
Cash and bank deposits	10		6,517		2,908
			8,805		6,002
Creditors: amounts falling due within one year	11		(3,587)		(2998)
Net current assets			5,218		3,004
Total assets less current liabilities			9,985		7,356
Net assets excluding pension liability			9,985		7,356
Defined benefit pension (liability)/asset	17		1,015		(1,145)
Net assets			11,000		6,211
Unrestricted funds					
Other charitable funds	13		4,054		2,433
Designated funds	13		2,439		2,096
Revaluation reserve	13		868		868
Pension reserve	17		1,015		(1,145)
Total unrestricted funds	13		8,376		4,252
Restricted funds	14		655		304
Endowment funds	15		1,969		1,655
Total charity funds			11,000		6,211

The notes on pages 27 to 54 form part of these financial statements

The financial statements of Welsh National Opera Limited, company registered number 00454297, were approved by the Board of Directors and authorised for issue on 26th May 2022

Signed on behalf of the Board of Directors:

Yvette Vaughan Jones - Trustee

Company Balance Sheet

As at 31 August 2021

	Note		31 August 2021 £'000		31 August 2020 £'000
Fixed assets					
Tangible assets	7a		1,646		1,724
Investments	7b	3,121		2,628	
		4,767		4,352	
Current assets					
Stocks	8		94		43
Debtors	9		1,824		2,034
Cash and bank deposits	10		6,360		2,647
			8,278		4,724
Creditors: amounts falling due within one year	11		(3,259)		(2,833)
Net current assets			5,019		1,891
Total assets less current liabilities			9,786		6,243
Net assets excluding pension liability			9,786		6,243
Defined benefit pension (liability)/asset	17		1,015		(1,145)
Net assets			10,801		5,098
Unrestricted funds:					
Other charitable funds	13		3,855		1,320
Designated funds	13		2,439		2,096
Revaluation reserve	13		868		868
Pension reserve	17		1,015		(1,145)
Total unrestricted funds	13		8,177		3,139
Restricted funds	14		655		304
Endowment funds	15		1,969		1,655
Total charity funds			10,801		5,098

The notes on pages 27 to 54 form part of these financial statements.

No separate income and expenditure account is presented for the parent Company in accordance with the provisions of s.408 of the Companies Act 2006. The total income for the parent company is £14,556,000 (2020 - £18,851,000). The result reported in the accounts of the parent Company is a surplus of £5,703,000 (2020 - surplus £958,000).

The financial statements of Welsh National Opera Limited, company registered number 00454297, were approved by the Board of Directors and authorised for issue on 26th May 2022

Signed on behalf of the Board of Directors: **Yvette Vaughan Jones - Trustee**

Consolidated Cash Flow Statement

Years to 31 August:	Note	2021 £'000	2020 £'000
Net cash flow from operating activities (see below)		3,556	1,105
Interest received		78	73
Investing activities:			
Proceeds from sale of investments (shares etc.)	7b	474	716
Investments (in shares etc.)	7b	(442)	(997)
Purchases of fixed assets	7a	(57)	(206)
Proceeds from sale of fixed assets	2a	-	-
Net cash movement		**3,609**	691
Opening cash at bank and in hand		2,908	2,217
Closing cash at bank and in hand		**6,517**	**2,908**

Net cash flow from operating activities Years to 31 August:		2021 £'000	2020 £'000
Net expense for the year		2,602	(1,436)
Adjustments for:			
Release from reserves		-	-
Movement in WNO Endowment Fund		-	500
Interest receivable		(78)	(73)
Depreciation charges	7a	135	129
Profit on sale of fixed assets	2a	-	-
Movement in investments	7b	(493)	208
Operating cash flow before movement in working capital		**2,166**	**(672)**
Movements in working capital:			
Movement in stocks	8	(51)	(2)
Movement in debtors	9	857	1,439
Movement in creditors	11	589	340
Adjustment for pension funding	17	(5)	-
		1,390	**1,777**
Net cash (ouflow)/inflow from operating activities		**3,556**	**1,105**

No separate statement of cash flows is presented for the parent Company in accordance with the provisions of s408 of the Companies Act 2006.

The notes on pages 27 to 54 form part of these financial statements.

Notes to the Financial Statements

1. Accounting Policies

Welsh National Opera Limited is a registered charity incorporated in England and Wales as a company limited by guarantee without share capital. The trustees are also the members of the Company. Each member has undertaken to contribute a sum not exceeding £10 to the assets in the event of winding up. The registered office is given on page 57.

Basis of accounting

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Basis of consolidation

Group financial statements have been prepared in respect of Welsh National Opera Limited and its wholly-owned subsidiaries, Cardiff Theatrical Services Limited and WNO Productions Limited, on a line by line basis. The results of the subsidiaries are set out in note 18.

No separate statement of financial activities and income and expenditure account has been presented for the Charity alone as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the Statement of Recommended Practice: Charities SORP (FRS 102).

Going concern

The Group's activities and future plans are set out in the Strategic Report and the Directors' Report.

The Group has no external borrowing facilities and manages its activities with positive unrestricted bank balances.

The directors regularly review and manage short-term fluctuations in income streams which include box office, commercial and development income and have established a minimum level of free reserves excluding the defined benefit pension liability of £2.5m to allow for anticipated fluctuations. This level of reserves is considered by the Board to be an acceptable level of free reserves to provide for the stability of the Company. The groups' free reserves have fallen below this level in 2019/20. For more information see page 17.

Grant funding represents the Group's largest income stream and is committed by Arts Council England until March 2022 and in December 2017 the Arts Council Wales confirmed an uplift of 3% for the year beginning 2017, working to a bi-annual cycle.

The Group's forecasts and projections, taking account of reasonably foreseeable changes in income and expenditure, show that the Group should be able to continue to operate and is well placed to manage its business risks successfully in the coming 12 months.

The directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1. Accounting Policies (continued)

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the board in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount.

Income from grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Income from charitable activities and trading income is recognised in the period to which the service relates with any amounts received in advance being deferred.

No amounts are included in the financial statements for services and time donated by volunteers.

Interest on funds is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividend income is recognised on the date the charity's right to receive payment is established.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

1. Accounting Policies (continued)

Expenditure recognition

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. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs in relation to generating income such as fundraising and events, marketing and publicity and certain costs associated with the charity's trading subsidiaries.
- Expenditure on charitable activities includes all costs relating to the furtherance of the charity's objectives as stated in the trustees report.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Expenditure in respect of productions to be presented in a future financial period is charged at the time of the first performance of the production. Such expenditure includes the company's share of the costs of the set, props, costumes, wigs, rehearsals and marketing of that production.

An analysis has been provided for the charitable activities on a departmental basis.

Costs where possible are attributed directly to the activity to which they relate. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Governance costs comprise all costs involving public accountability of the charity and its compliance with regulation and good practice.

Taxation

As a registered charity Welsh National Opera Limited is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only.

Theatre Tax Relief

Amounts due to Welsh National Opera in respect of Theatre Tax Relief, is included in the financial year to which the claim relates within Income from Charitable Activities rather than as a tax credit or a reduction in expenditure as the nature and intention of Theatre Tax Relief is akin to government grant income.

1. Accounting Policies (continued)

Fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses or in cases where fixed assets have been donated to the charity, at valuation at time of acquisition

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Category of Asset:	Depreciation Policy:
Long leasehold premises	Depreciated over 50 years
Vehicles	10% to 25% per annum on a straight-line basis
Equipment, fixtures and fittings	9% to 33% per annum on a straight-line basis

The Group's long leasehold premises were valued upon transition to FRS 102, and this value has now been adopted by the Group as the deemed cost as permitted by FRS102.

Other fixed assets are included at cost less accumulated depreciation.

Costs of creating opera productions are written off in full at the time of the first performance of the production by the Company.

Investments

Fixed asset investments in quoted shares, traded bonds and similar investments are valued at initially at cost and subsequently at fair value (their market value) at the year end. The same treatment is applied to unlisted investments unless fair value cannot be measured reliably in which case it is measured at cost less impairment.

Stocks

Stocks consist of raw materials and are stated at the lower of cost and net realisable value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Capital grants, in accordance with Accounting and Reporting by Charities: (SORP 2015), are accounted for within restricted funds. Accordingly, this fund is reduced by the depreciation arising on the tangible fixed assets acquired with the grant.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1. Accounting Policies (continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

Employee Benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pensions

For defined contribution schemes:
The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due and are allocated against unrestricted funds.

1. Accounting Policies (continued)

For the defined benefit scheme:
The Group retains a defined benefit pension scheme which was closed to new entrants and future accrual with effect from 5 April 2009. Note 17 sets out full disclosures in accordance with FRS 102 'Retirement Benefits'.

The assets of the scheme are held separately in an independently administered fund.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in income/ (expenditure) for the year.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other recognised gains and losses in the period in which they occur and are not reclassified to income/(expenditure) in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Operating leases

Rental costs under operating leases are charged to the statement of financial activities on a straight-line basis over the period of the lease.

Critical accounting judgements and key sources of estimation uncertainty

In the application of charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Pensions accounting requires an estimation of actuarial assumptions. These represent the charity's best estimate of the variables that will determine the liability at the year-end. The trustees do not consider there are any other critical judgements or sources of estimation uncertainty requiring disclosure

2. Analysis of Charitable Activity

(a) Income:	Unrestricted funds2021	Restricted funds2021	Endowment fund 2021	Year	Year
	£'000	£'000	£'000	2021	2020
Years to 31 August:				£'000	£'000
Box office and similar income	7	-	-	7	1,600
Programmes & Engagement	18	-	-	18	96
Income from other charitable activity	82	-	-	82	198
Profit on disposal of fixed assets	-	-	-	-	-
Income from charitable activities	**107**	-	-	**107**	**1,894**
Grants receivable:					
Arts Council England	6,236	-	-	6,236	6,170
Arts Council of Wales	4,592	-	-	4,592	4,546
HMRC CJRS	-	270	-	270	1,176
General grants	**10,828**	**270**	-	**11,098**	**11,892**

The majority of the income in both years is derived from activities in the UK with less than £100,000 arising from the European Union.

(b) Expenditure on charitable activities

Years to 31 August:	Directactivity 2021	Support costs2021	Year	Direct activity	Support costs	Year
	£'000	£'000	2021	2020	2020	2020
			£'000	£'000	£'000	£'000
Main-scale opera	8,154	1,433	**9,587**	14,075	1,392	**15,467**
Programmes & Engagement	736	91	**827**	1,258	88	**1,346**
Charitable activity	**8,890**	**1,524**	**10,414**	**15,333**	**1,480**	**16,813**
Fundraising	287	47	**334**	378	46	**424**
Trading	1,185	-	**1,185**	910	-	**910**
Total expenditure	**10,362**	**1,571**	**11,933**	**16,621**	**1,526**	**18,147**

2. Analysis of Charitable Activity (continued)

(c) Support costs

Years to 31 August:	2021 £'000	2020 £'000
Wales Millennium Centre premises	207	266
Finance & IT	766	700
Administration, HR	514	512
Governance costs	-	5
Defined Benefit Scheme pension costs	84	43
Support costs	**1,571**	**1,526**
Allocation of support costs to activities based on direct costs incurred:		
Opera	1,433	1,392
Programmes & Engagement	91	88
Fundraising	47	46
Support costs	**1,571**	**1,526**

The allocation of support costs to trading activity is factored into the transfer pricing arrangements, so no further allocation is required.

3. Net Income and Expenditure

(a) Net incoming / (outgoing) resources is stated after charging:

Years to 31 August:	2021 £'000	2020 £'000
Rentals under operating leases – land and buildings	181	181
Rentals under operating leases – equipment	14	14
Depreciation – owned assets	135	129
Auditor remuneration as statutory auditor	49	32
Other non-audit fees paid to the auditor	-	-

The auditor, Azets Audit Services, additionally provides audit services to the Welsh National Opera Limited Pension Scheme which has independent trustees to the charity paying audit fees of £5,925 (2020 - £5,750).

3. Net Income and Expenditure (continued)

(b) Net income for the parent Company

A separate statement of financial activities has not been included in respect of Welsh National Opera Limited. Included in the consolidated statement of funds are the following amounts in respect of Welsh National Opera Limited:

Years to 31 August:	2021	2020
	£'000	£'000
Total incoming resources	14,556	18,851
Net (deficit)/surplus for the year	2,520	77
Actuarial (loss)/gain on defined benefit scheme (see note 17)	2,187	881
(Deficit)/surplus including actuarial (loss)/gain in the pension scheme	5,703	958

4. Employee Costs and Numbers

Group and Company

Employee costs during the year (including temporary staff) amounted to:

Years to 31 August:	2021	2020
	£'000	£'000
Wages and salaries	7,647	8,372
Social security costs	720	816
Other pension costs	431	462
Pension deficit costs	27	219
	8,825	**9,869**

Included in employee costs above are the costs of 75 temporary and casual staff (2020 – 120) who were employed during the year paying total wages and salaries of £476,926 (2020 – £519,808). Redundancy and termination payments totalling £267,192 for the year ended 31st August 2021 (2020: £nil). Amounts outstanding at the yearend totalled £nil (2020: £nil) are also included.

Monthly average numbers of permanent employees by activity were:

Years to 31 August:	2021 Number	2020 Number
Opera	174	170
Youth and Community	11	12
Support	12	12
Fundraising	8	10
Trading	26	25
	231	**229**

4. Employee Costs and Numbers (continued)

The number of Group employees whose emoluments excluding pension contributions but including benefits in kind were in excess of £60,000 was:

Years to 31 August:	2021 Number	2020 Number
£60,000 - £69,999	2	3
£70,000 - £79,999	3	3
£80,000 - £89,999	1	1
£90,000 - £99,999	-	-
£100,000 - £109,999	-	-
£110,000 - £119,999	-	-
£140,000 - £149,999	1	1

Senior management pay

The senior management personnel of the Company and the Group are listed on page 55. The total remuneration (including pension contributions and freelance fees) in respect of the senior managers of the Company and Group for the year amounted to £784,372 (2020 - £796,807).

The remuneration and terms of employment of the General Director are set by the Board and reviewed annually. Those of other senior managers are reviewed annually and subject to periodic comparison with similar roles.

Directors' emoluments

The directors received no remuneration for their roles as directors in the year (2020 - £nil) and no accommodation and travel expenses were reimbursed to directors during the year (2020- £3,509 to nine directors). Tickets for performances are purchased at box office prices by the directors other than for a small number of complimentary tickets for official hosting and marketing purposes.

5. Taxation on Ordinary Activities

Welsh National Opera Limited is a Company limited by guarantee and is a registered charity.

As a registered charity Welsh national Opera Limited is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only. The charity has two wholly-owned subsidiaries:

i) Cardiff Theatrical Services Limited is, however, subject to tax. In the current year no corporation tax (2020 - £nil) was incurred by the subsidiary.

ii) WNO Productions Limited is also subject to tax and applied for Theatre Tax Relief on the major productions created in the year to 31 August 2021 amounting to £312,133 (2020 £1,102,605).

6. Operating Lease Commitments

The Company and Group were committed to making the following future minimum lease payments in respect of operating leases:

Years to 31 August:	2021	2020
	£	£
Due, 1 year	118,136	118,136
Due 2-5 years	114,533	117,468
Due > 5 years	2,305,742	2,333,742

7. Fixed Assets

7a. Tangible fixed assets

Group and Company	Long leasehold	Vehicles	Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 September 2020	1,500	579	1,830	3,909
Additions	-	53	4	57
Disposals	-	77	112	189
At 31 August 2021	**1,500**	**555**	**1,722**	**3,777**
Depreciation				
At 1 September 2020	150	522	1,513	2,185
Charge for the year	30	20	85	135
Disposals	-	77	112	189
At 31 August 2021	**180**	**465**	**1,486**	**2,131**
Net book value				
At 31 August 2020	1,350	57	317	1,724
At 31 August 2021	**1,320**	**90**	**236**	**1,646**

7a. Tangible fixed assets (continued)

The other long leasehold premises have been professionally valued by Lambert Smith Hampton, Chartered Surveyors, on an open market, existing use and vacant possession valuation basis, upon transition to FRS102, at 31 August 2015 at £1,500,000 in accordance with the Royal Institution of Chartered Surveyors Valuation – Professional Standards UK January 2014 (revised April 2015).

Due to the restrictions over the use of the space within the Wales Millennium Centre occupied by WNO in the lease which runs to 2995, this specialised asset is estimated to have no commercial value and its net book value of £218,000 was written off at 31 August 2015.

The organisation is implementing an integrated HR/Payroll system from MHR at a cost of £67,371 and that the final payment will be made once the system goes live in 2022.

7b. Fixed asset investments

Brewin Dolphin Limited is the investment manager of the Company's long-term funds. The following investments were held and managed by Brewin Dolphin at the year-end:

Group and Company: At 31 August	2021 £'000	2020 £'000
Corporate bonds and cash	471	396
Equities:		
- UK	1,157	1,027
- US	797	620
- Other equities	629	521
- Property	67	64
	3,121	**2,628**

The movements in investments held were as follows:

Years ended 31 August:	2021 £'000	2020 £'000
Market value at the beginning of the year	**2,628**	**2,836**
Additions at cost	442	997
Disposals at carrying value	(474)	(716)
Net realised and unrealised (losses)/gains	525	(489)
Market value at the end of the year	**3,121**	**2,628**
Historical cost at the end of the year	**2,500**	**2,394**
Included within the above is cash held within the portfolio totalling	**50**	**34**

Other investments

The Company also held 100% of the share capital in its trading subsidiaries at the beginning and end of the year (see note 18 for details):

- Cardiff Theatrical Services Limited (historical cost £90), and
- WNO Productions Limited (historical cost £100).

8. Stocks

At 31 August

	Group 2021	Group 2020	Company 2021	Company 2020
	£'000	£'000	£'000	£'000
Raw materials	**94**	**43**	**94**	**43**

Stocks comprise materials held in the workshops for use in building sets and scenery for sale to third-party customers.

9. Debtors

Amounts falling due within one year:

At 31 August	Group 2021	Group 2020	Company 2021	Company 2020
	£'000	£'000	£'000	£'000
Trade debtors	353	80	61	60
Amounts owed by Group undertakings	-	-	179	95
Other debtors	70	237	61	247
Taxation	314	1,103	66	-
Prepayments and accrued income	1,457	1,631	1,457	1,632
	2,194	**3,051**	**1,824**	**2,034**

Amounts owed by Group undertakings comprise amounts due from Cardiff Theatrical Services Limited for normal monthly transactions.

10. Cash at Bank and In Hand

At 31 August	Group 2021	Group 2020	Company 2021	Company 2020
	£'000	£'000	£'000	£'000
Cash at bank and in hand	**6,517**	**2,908**	**6,360**	**2,647**

The Company has no borrowings or overdraft facilities.
A significant proportion of the Group's liquid assets is held as fixed asset investments (note 7b).

11. Creditors: Amounts Falling Due Within One Year

At 31 August	Group2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Trade creditors	94	21	94	21
Other creditors including taxation	357	339	357	339
Accruals	335	358	330	360
Deferred grant income	448	66	448	66
Other deferred income	2,353	2,214	2,030	2,047
	3,587	**2,998**	**3,259**	**2,833**

Other deferred income arises from co-productions, future productions and the work of Cardiff Theatrical Services Limited.

Analysis of movement in other deferred income

At 31 August	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Brought forward	2,214	1,105	2,047	1,000
Released in year	(136)	(121)	(17)	(16)
Received in year	275	1,230	-	1,063
Carried forward	**2,353**	**2,214**	**2,030**	**2,047**

Analysis of movement in deferred grant income

At 31 August	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Brought forward	66	378	66	378
Released in year	(10,446)	(10,716)	(10,446)	(10,716)
Received in year	10,828	10,404	10,828	10,404
Carried forward	**448**	**66**	**448**	**66**

12. Company Status

The Company is a registered charity constituted as a Company Limited by Guarantee and does not have share capital. The liability of each member is limited to £10, the maximum number of members being 20. The actual number of members at 31 August 2021 was 14 (2020 -13).

13. Unrestricted Funds

At 31 August 2021

Group	Opening balance £'000	Incoming resources £'000	Resources expended £'000	Gains / (losses) £'000	Transfers £'000	Closing balance £'000
Restructuring reserve	437	-	-	-	-	437
Production reserve	1,155	-	-	-	847	2,002
CJRS reserve	504	-	-	-	(504)	-
Pension reserve	(1,145)	-	(27)	2,187	-	1,015
Revaluation reserve	868	-	-	-	-	868
Income and expenditure	2,433	13,203	(11,906)	211	113	4,054
Total Group funds	**4,252**	**13,203**	**(11,933)**	**2,398**	**456**	**8,376**

Company	Opening balance £'000	Incoming resources £'000	Resources expended £'000	Gains / (losses) £'000	Transfers £'000	Closing balance £'000
Restructuring reserve	437	-	-	-	-	437
Production reserve	1,155	-	-	-	847	2,002
CJRS reserve	504				(504)	-
Pension reserve	(1,145)	-	(27)	2,187	-	1,015
Revaluation reserve	868	-	-	-	-	868
Income and expenditure	1,320	14,239	(12,028)	211	113	3,855
Total Company funds	**3,139**	**14,239**	**(12,055)**	**2,398**	**456**	**8,177**

The Designated funds are made up of the Restructuring and Production reserves as detailed below.

A 'Restructuring' reserve has been designated to enable investment in change and forms part of the Company's unrestricted reserves. It also incorporates what was formerly known as the Media fund.

The 'Production' reserve is set aside to support the planning of an ambitious repertoire in future years, especially important with the long planning lead times for large-scale operas and to support exploitation of the Company's work.

The 'CJRS' reserve is set aside to ear mark the release of the CJRS income received in line with box office losses in future periods.

13. Unrestricted Funds (continued)

At 31 August 2020

Group	Opening balance	Incoming resources	Resources expended	Gains / (losses)	Transfers	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000
Restructuring reserve	672	-	-	-	(235)	437
Production reserve	1,393	-	-	-	(238)	1,155
CJRS reserve	-				504	504
Pension reserve	(1,807)	-	(219)	881	-	(1,145)
Revaluation reserve	868	-	-	-	-	868
Income and expenditure	3,279	15,660	(16,749)	(89)	332	2,433
Total Group funds	**4,405**	**15,660**	**(16,968)**	**792**	**363**	**4,252**

Company	Openingbalance	Incoming resources	Resources expended	Gains / (losses)	Transfers	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000
Restructuring reserve	672	-	-	-	(235)	437
Production reserve	1,393	-	-	-	(238)	1,155
CJRS reserve	-				504	504
Pension reserve	(1,807)	-	(219)	881	-	(1,145)
Revaluation reserve	868	-	-	-	-	868
Income and expenditure	654	17,592	(17,169)	(89)	332	1,320
Total Company funds	**1,780**	**17,592**	**(17,388)**	**(1,712)**	**363**	**3,139**

14. Restricted Funds

At 31 August 2021

Group and Company	Opening balance	Incoming resources	Resources expended	Revalue	Transfers	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000
Seligman Trust	63	2	-	10	(1)	74
Schaefer Bursary	18	-	-	-	-	18
C Ball Bursary	7	-	-	-	(2)	5
Parry Family Bursary	10	-	-	-	1	11
Paul Hamlyn Artworks	4	-	-	-	(4)	-
Fidelity	40	-	-	-	(40)	-
Dunard	-	300	-	-	-	300
HMRC CJRS	-	270	-		(270)	-
Other	162	225	-	-	(140)	247
Total restricted funds	**304**	**797**	**-**	**10**	**(456)**	**655**

At 31 August 2020

Group and Company	Opening balance	Incoming resources	Resources expended	Revalue	Transfers	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000
Seligman Trust	65	2	-	(4)	-	63
Schaefer Bursary	18	-	-	-	-	18
C Ball Bursary	9	-	(2)	-	-	7
Parry Family Bursary	10	-	-	-	-	10
Paul Hamlyn Artworks	4	-	-	-	-	4
Fidelity	160	-	-	-	(120)	40
HMRC CJRS	-	1,176	(1,176)			
Other	364	41	-	-	(243)	162
Total restricted funds	**630**	**1,219**	**(1,178)**	**(4)**	**(363)**	**304**

Restricted funds are held for use under the conditions set out by the donors, such as for specific productions or to support particular types of musical or community activity.

15. Endowment Funds

At 31 August 2021

Group and Company	Opening balance	Interest income	Resources expended	Revalue	Closing balance
	£'000	£'000	£'000	£'000	**£'000**
Mary Warner Trust	1,172	30	-	192	**1,394**
RW Pethybridge	421	11	-	69	**501**
Sir John Moores Award	62	2	-	10	**74**
Total endowment funds	**1,655**	**43**	-	**271**	**1,969**

At 31 August 2020

Group and Company	Opening balance	Interest income	Resources expended	Revalue	Closing balance
	£'000	£'000	£'000	£'000	£'000
Mary Warner Trust	1,225	28	-	(81)	1,172
RW Pethybridge	440	10	-	(29)	421
Sir John Moores Award	66	2	-	(5)	62
Total endowment funds	**1,731**	**40**	-	**(115)**	**1,655**

The Mary Warner Trust is a permanent endowment created under the terms of a legacy, and managed by a defined group of trustees for the objects set out in the gift: the training and development of tenors of Welsh origin.

The RW Pethybridge fund is an expendable endowment fund held for the benefit of the people of Wales who are disabled, elderly, or in prison.

The Sir John Moores Award fund is a permanent endowment held for the granting of an annual award for the career development of a young artist.

16. Analysis of Net Assets Between Funds

At 31 August 2021

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total £'000
Tangible fixed assets	1,646	-	-	1,646
Fixed asset investments	1,339	64	1,718	,121
Net current assets	4,376	591	251	5,218
Pension reserve	1,015	-	-	1,015
Net assets	**8,376**	**655**	**1,969**	**11,000**
Company				
Tangible fixed assets	1,646	-	-	1,646
Fixed asset investments	1,339	64	1,718	3,121
Net current assets	4,177	591	251	5,019
Pension reserve	1,015	-	-	1,015
Net assets	**8,177**	**655**	**1,969**	**10,801**

At 31 August 2020

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total £'000
Tangible fixed assets	1,724	-	-	1,724
Fixed asset investments	1,127	54	1,447	2,628
Net current assets	2,546	250	208	3,004
Pension reserve	(1,145)	-	-	(1,145)
Net assets	**4,252**	**304**	**1,655**	**6,211**
Company				
Tangible fixed assets	1,724	-	-	1,724
Fixed asset investments	1,127	54	1,447	2,628
Net current assets	1,433	250	208	1,891
Pension reserve	(1,145)	-	-	(1,145)
Net assets	**3,139**	**304**	**1,655**	**5,098**

17. Pension Schemes

The disclosures below have been prepared for Welsh National Opera Limited (the "Company") in relation to benefits payable from the Welsh National Opera Limited Pension Scheme (the "Scheme").

There were no Company contributions to the Scheme for the year ended 31 August 2021, and Company contributions for the year ending 31 August 2022 are expected to be nil.

The valuation used for FRS 102 disclosures has been based on a full assessment of the liabilities of the Scheme as at to 31 August 2020. The present values of the defined benefit obligation were measured using the projected unit credit method.

The principal assumptions used to calculate the liabilities under FRS 102 are set out below:

	Assumptions		
	31 August 2021 % p.a.	31 August 2020 % p.a.	31 August 2019 % p.a.
RPI Inflation	3.30	2.95	3.3
CPI Inflation	2.80	2.35	2.4
Pension increases (Pre April 1997 in excess of GMP)	3.0	3.0	3.0
Pension increases (April 1997 – April 2005)	2.75	2.35	2.4
Pension increases (Post April 2005)	2.0	1.8	1.8
Discount rate for Scheme liabilities	1.75	1.7	1.8
Longevity for member currently aged 65:			
- Male	21.9	21.2	21.6
- Female	24.3	23.2	23.6
Longevity for member reaching 65 in 20 years:			
- Male	23.2	22.5	23.0
- Female	25.7	24.7	25.1

17. Pension Schemes (continued)

	Fair value of assets		
	31 August 2021	31 August 2020	31 August 2019
	£'000	£'000	£'000
Equities			
Index-linked	9,686	8,662	8,321
Bonds	7,920	6,714	6,447
Corporate bonds	1,770	1,693	1,634
Other	78	61	27
Total	**19,454**	**17,130**	**16,429**

Reconciliation of funded status to balance sheet

	Value at 31 August 2021	Value at 31 August 2020
	£'000	£'000
Fair value of Scheme assets	19,454	17,130
Present value of funded defined benefit obligations	(18,439)	(18,275)
(Deficit)/surplus	**1,015**	**(1,145)**
		-
(Liability)/asset recognised on the statement of financial position	1,015	(1,145)

Analysis of profit and loss

	Value at 31 August 2021	Value at 31 August 2020
	£'000	£'000
Administration expenses	-	-
Net interest cost	20	33
Past service cost	7	186
Expense recognised in profit and loss	**27**	**219**

17. Pension Schemes (continued)

Changes to present value of the defined benefit obligation

	Value at 31 August 2021 £'000	Value at 31 August 2020 £'000
Opening defined benefit obligations	18,275	18,236
Administration expenses	-	-
Interest cost	307	326
Remeasurement (gains)/losses		
- Actuarial losses on Scheme liabilities in respect of assumptions	854	248
- Actuarial losses on Scheme liabilities in respect of experience	(377)	(87)
- From change in demographic assumptions	(145)	(330)
Net benefit paid out	(482)	(304)
Past service cost	7	186
Closing defined benefit obligation	**18,439**	**18,275**

Changes to the fair value of Scheme assets

	Value at 31 August 2021 £'000	Value at31 August 2020 £'000
Opening fair value of Scheme assets	17,130	16,429
Interest income on Scheme assets	287	293
Actuarial gains/(losses)		
- Return on Scheme assets less interest income	2,519	712
Contributions by the Company	-	-
Net benefits paid out	(482)	(304)
Closing fair value of Scheme assets	**19,454**	**17,130**

Analysis of amounts recognised in the Statement of financial activities

	Value at 31 August 2021 £'000	Value at31 August 2020 £'000
Return on Scheme assets less interest income	2,519	712
(Losses)/gains on financial assumptions	(854)	(248)
(Losses)/gains on demographic assumptions	145	330
Experience Gains on Scheme liabilities	377	87
Total (loss)/gain	**2,187**	**881**

17. Pension Schemes (continued)

Actual return on Scheme assets

	Value at 31 August 2021 £'000	Value at 31 August 2020 £'000
Interest income on Scheme assets	287	293
Return on Scheme assets less interest income	2,519	712
Total return on Scheme assets	**2,806**	**1,005**

18. Additional Information on Subsidiaries

Welsh National Opera Limited has two subsidiaries:

Cardiff Theatrical Services Limited - company registration 01705868 which is incorporated in the UK.

Registered office - Ellen Street, Cardiff, CF10 4TT

Acquired by Welsh National Opera Limited for £nil on 1 April 1989, the share capital of Cardiff Theatrical Services Limited comprises 90 ordinary shares of £1 which are all wholly-owned by Welsh National Opera Limited.

The purpose of Cardiff Theatrical Services Limited is to act as the trading arm of Welsh National Opera Limited, primarily undertaking sales of theatrical sets, costumes and properties and transportation for Welsh National Opera Limited and external parties. Theatrical sets are produced within a production division of Welsh National Opera Limited and charged to Cardiff Theatrical Services Limited at full cost.

The trading results of the subsidiary were as follows:

Years to 31 August:	2021 £'000	2020 £'000
Turnover	1,303	1,340
Cost of sales	(1,418)	(1,352)
Gross profit	**(115)**	**(12)**
Administrative expenses	(7)	(9)
Operating profit/(loss)	**(122)**	**(21)**
Gift Aid to parent company	-	-
Loss before taxation	**(122)**	**(21)**
Taxation	-	-
Profit/ (loss) for the financial year	**(122)**	**(21)**

The aggregate of the assets, liabilities and funds was:

At 31 August	2020 £'000	2019 £'000
Assets	448	285
Liabilities	(566)	(281)
Shareholder funds	**(118)**	**4**

18. Additional Information on Subsidiaries (continued)

Included within turnover and cost of sales is inter-company trade

At 31 August	2021	2020
	£'000	£'000
Sales	212	430
Purchases	1,425	1,367
Amounts outstanding at year end	**179**	**95**

Statement of Changes in Equity

Company	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1st September 2019	90	24,789	24,879
Year ended 31 August 2020:	-		
Profit and total comprehensive income for the year	-	(21,083)	(21,083)
Distributions to parent charity under gift aid			
Balance at 31 August 2020	**90**	**3,706**	**3,706**
Year ended 31 August 2021:			
Loss and total comprehensive income for the year	-	**(118,409)**	**(118,409)**
Balance at 31 August 2021	**90**	**(118,409)**	**(118,319)**

18.Additional Information on Subsidiaries (continued)

WNO Productions Limited – company registration 09247950 which is incorporated in the UK.

Registered office – Wales Millennium Centre, Bute Place, Cardiff CF10 5AL

Formed by Welsh National Opera Limited on 3 October 2014, the share capital of WNO Productions Limited comprises 100 ordinary shares of £1 which are all wholly-owned by Welsh National Opera Limited.

The purpose of WNO Productions Limited is to create and prepare theatrical productions for the Welsh National Opera Group of companies.

The trading results of the subsidiary were as follows:

Years to 31 August:	2021	2020
	£'000	£'000
Turnover	2,476	8,829
Cost of sales	(2,465)	(8,814)
Gross profit	**11**	**15**
Administrative expenses	(11)	(15)
Operating profit / (loss)	**-**	**-**
Profit / (Loss) before taxation	**-**	**-**
Theatre tax relief on productions	312	1,103
Profit retained in subsidiary	**312**	**1,103**

The aggregate of the assets, liabilities and funds was:

At 31 August	2021	2020
	£'000	£'000
Assets	328	1,123
Liabilities	(11)	(15)
Shareholder funds	**317**	**1,108**

18. Additional Information on Subsidiaries (continued)

	2021	2020
	£'000	£'000
At 31 August		
Sales	2,476	8,829
Purchases	2,476	8,829
Amounts outstanding at year end	-	-

Statement of Changes in Equity

Company	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1st September 2019	100	2,600,081	2,600,181
Year ended 31 August 2020:			
Profit and total comprehensive income for the year		(1,492,476)	(1,492,476)
Balance at 31 August 2020	100	1,107,605	1,107,705
Year ended 31 August 2021:			
Loss and total comprehensive income for the year	-	**312,133**	**312,133**
Distributions' to parent charity under gift aid	-	**(1,102,605)**	**(2,595,081)**
Balance at 31 August 2021	**100**	**317,133**	**317,233**

19. Related Parties

Welsh National Opera Limited has connections to the following independently registered charities:

Welsh National Opera Benevolent Trust (charity 1085756).

At 31 August	2021	2020
	£	£
Income received	5,509	491
Funding awarded	(5000)	(1,000)
Debtor	-	509

Welsh National Opera Endowment Fund (charity 1146595).

At 31 August	2021	2020
	£	£
Investment income	25,861	25,375
Bursaries applied for	60,000	40,000
Debtor	87,284	75,537
Creditor	60,000	40,000
Value of portfolio	1,043834	879,173

Consolidated Statement of Financial Activities 2020

Incorporating the income and expenditure account for the year ended 31 August 2020

Years to 31 August:

	Note	Unrestricted funds £'000	Restricted funds £'000	Endowed funds £'000	Total2020 £'000	Total 2019 £'000
Income from:						
Charitable activities	2a	1,894	-	-	1,894	2,921
Donations		701	41	-	742	2,138
Legacies		306	-	-	306	268
General grants	2a	10,716	1,176	-	11,892	10,657
Trading income		909	-	-	909	2,536
Investment income		31	2	40	73	85
Total income		**14,557**	**1,219**	**40**	**15,816**	**18,605**
Expenditure on:						
Charitable activities		15,634	1,178	1	16,813	18,026
Raising funds		424	-	-	424	538
Trading expenditure		910	-	-	910	2,349
Total expenditure	2b	**16,968**	**1,178**	**1**	**18,147**	**20,913**
Net (losses)/gains on investments	7b	(89)	(4)	(115)	(208)	(29)
Net income/(expenditure) before tax		**(2,500)**	**37**	**(76)**	**(2,539)**	**(2,337)**
Taxation	18	1,103	-	-	1,103	1,461
Net income/(expenditure) for the year	3	**(1,397)**	**37**	**(76)**	**(1,436)**	**(876)**
Transfer from restricted funds	13	363	(363)	-	-	-
Transfer to WNO Endowment Fund Actuarial (losses)/gains in the defined benefitpension scheme	17	881	-	-	881	(500) (1,712)
Net movement in funds		**(153)**	**(326)**	**(76)**	**(555)**	**(3,088)**
Fund balance brought forward		4,405	630	1,731	6,766	9,854
Fund balance carried forward		**4,252**	**304**	**1,655**	**6,211**	**6,766**

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

All income and expenditure derive from continuing activities.

No separate income and expenditure account is presented for the parent Company in accordance with the provisions of s.408 of the Companies Act 2006. The total income for the parent company is £18,851,000 (2019 - £18,835,000). The result reported in the accounts of the parent Company is a surplus of £958,000 (2019 - deficit £4,548).

Reference and administrative details

Company Details

Welsh National Opera Limited

(Company limited by guarantee and without share capital)

Registered office	Wales Millennium Centre Bute Place Cardiff CF10 5 AL
Company number	00454297 (registered in England and Wales)
Charity number	221538
VAT registration	GB 218 9895 51

Professional Advisers

Auditor	Azets Audit Services Ty Drew Lime Tree Court Cardiff Gate Business Park Cardiff CF23 8AB
Solicitors	Darwin Gray Solicitors Helmont House Churchill Way Cardiff CF10 2HE
Bankers	Lloyds Bank plc 31 Queen Street Cardiff CF10 2AG

Bank deposits are also held at National Westminster and Barclays.

Investment Managers

Brewin Dolphin Limited
5 Callaghan Square
Cardiff CF10 5BT

Directors and Officers

Board of Directors and Committees

The directors are also the Company's charitable trustees. The directors who served throughout the financial year, unless otherwise stated, and the committees they attend, are shown below:

		Audit & Risk	Nominations
Yvette Vaughan-Jones (Chair)			X
Nicola Amery		X	
Lynne Berry CBE			X
Chitra Bharucha MBE			
Toks Dada	(Resigned 13.01.22)		X
Manon Edwards			
Daniel Evans	(Retired 22.07.21)		X
Sam Jones			X
Henry Little		X	
Andrew Miller MBE	(Resigned 13.01.22)		X
Aileen Richards			
Elen ap Robert	(Resigned 13.01.22)		X
Martyn Ryan		X	
Geraint Davies (Co-opted)		X	
Nigel Goldsworthy (Co-opted)		X	

The Board meets a minimum of six times per year, delegating appropriate matters to the Audit & Risk and Nominations committees. Each committee determines its own frequency for meetings subject to the requirement to meet at least twice each year.

Executive Team

Aidan Lang	General Director
Tomáš Hanus	Music Director

Senior Management Team

Matt Carwardine-Palmer	Director of Marketing and Sales	(Left 07.02.21)
Huw Davies	Director of Finance & Company Secretary	
Alison Dunnett	Director of Development, Communications and Strategy	
Emma Flatley	Director of Engagement and Partnerships	
Peter Harrap	Chorus and Orchestra Director	
Jan Michaelis	Technical Director	
Alison Woodward	Director of People & Culture	(Appointed 06.04.21)
Kate Bayliss	Director of Artistic Administration	(Appointed 22.09.21)
Emrah Tokalaç	Director of Audiences	(Appointed 04.04.22)