



ROYAL
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HOUSE

THE ANNUAL

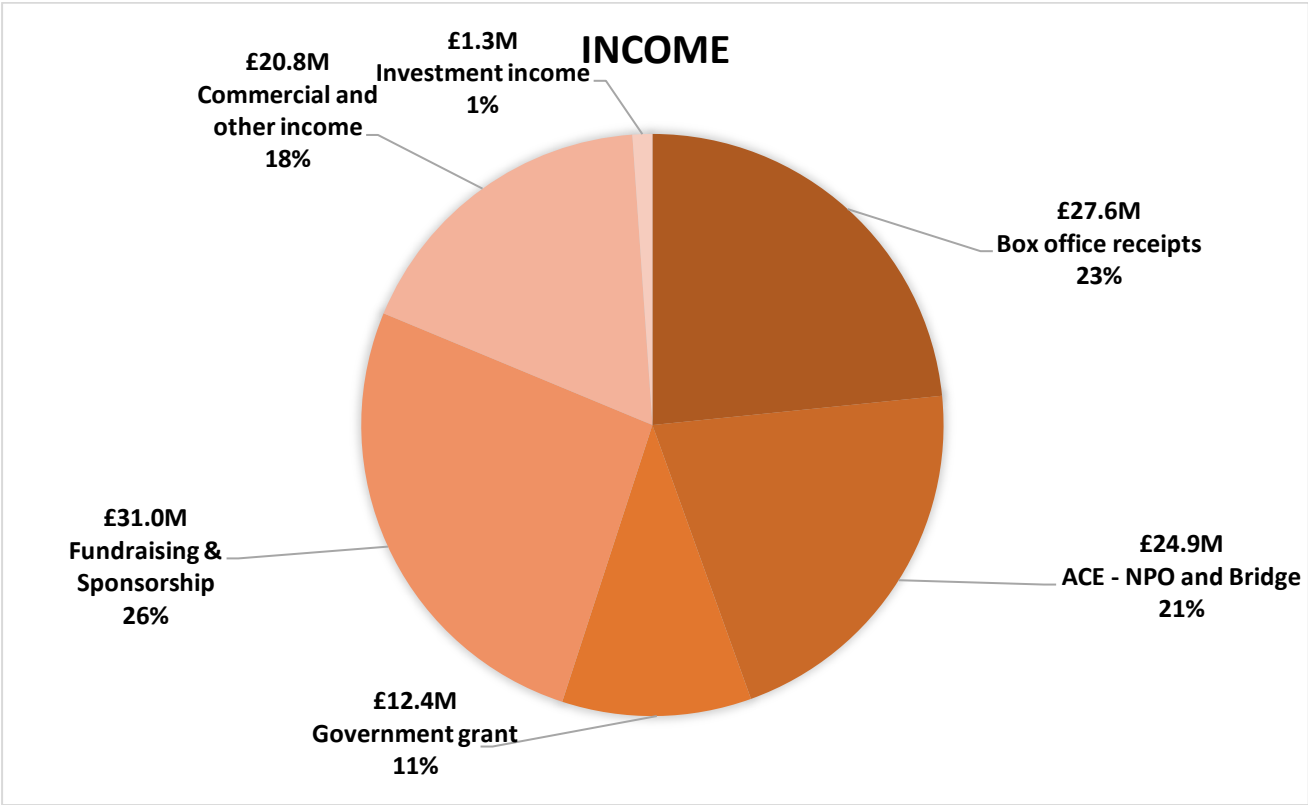
REPORT

2019/20

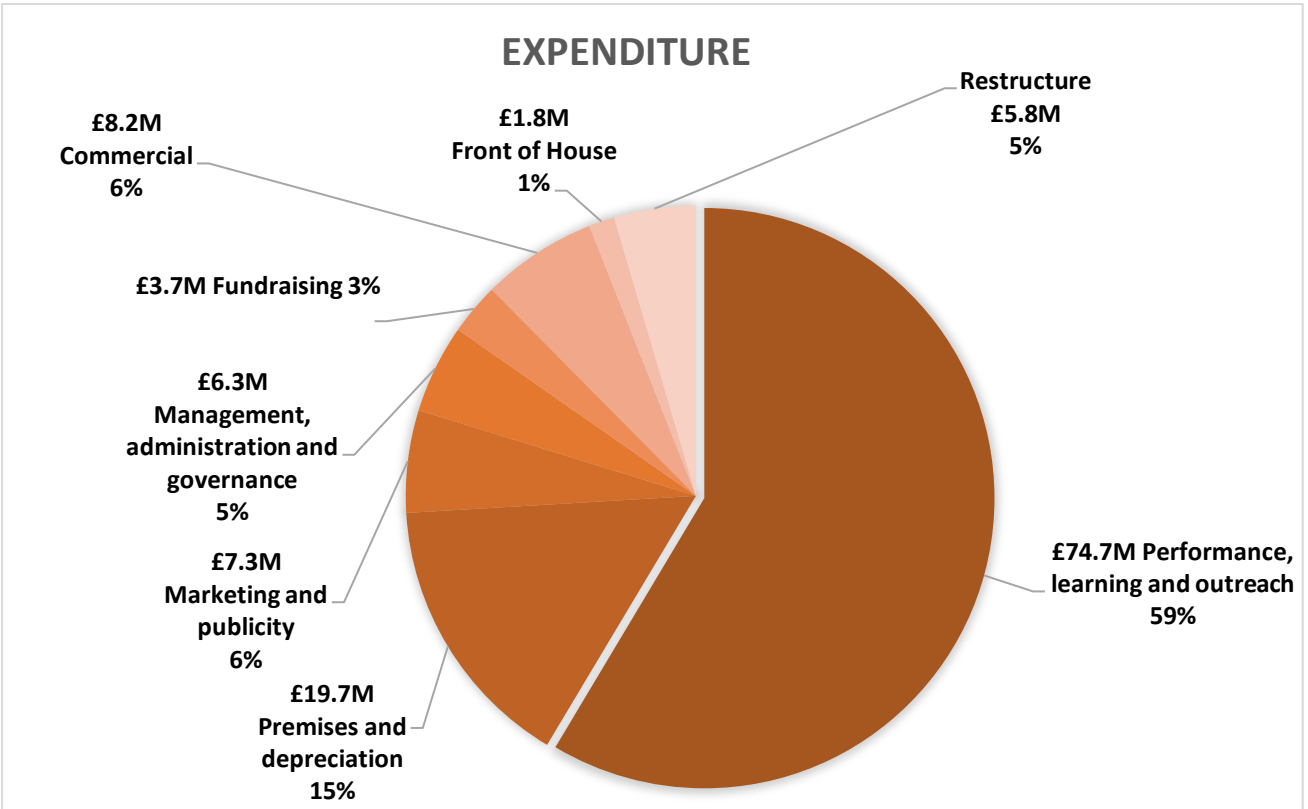


Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 480523.
Trustees' report and consolidated financial statements. 53 week period ended 30 August 2020.

INCOME 2020



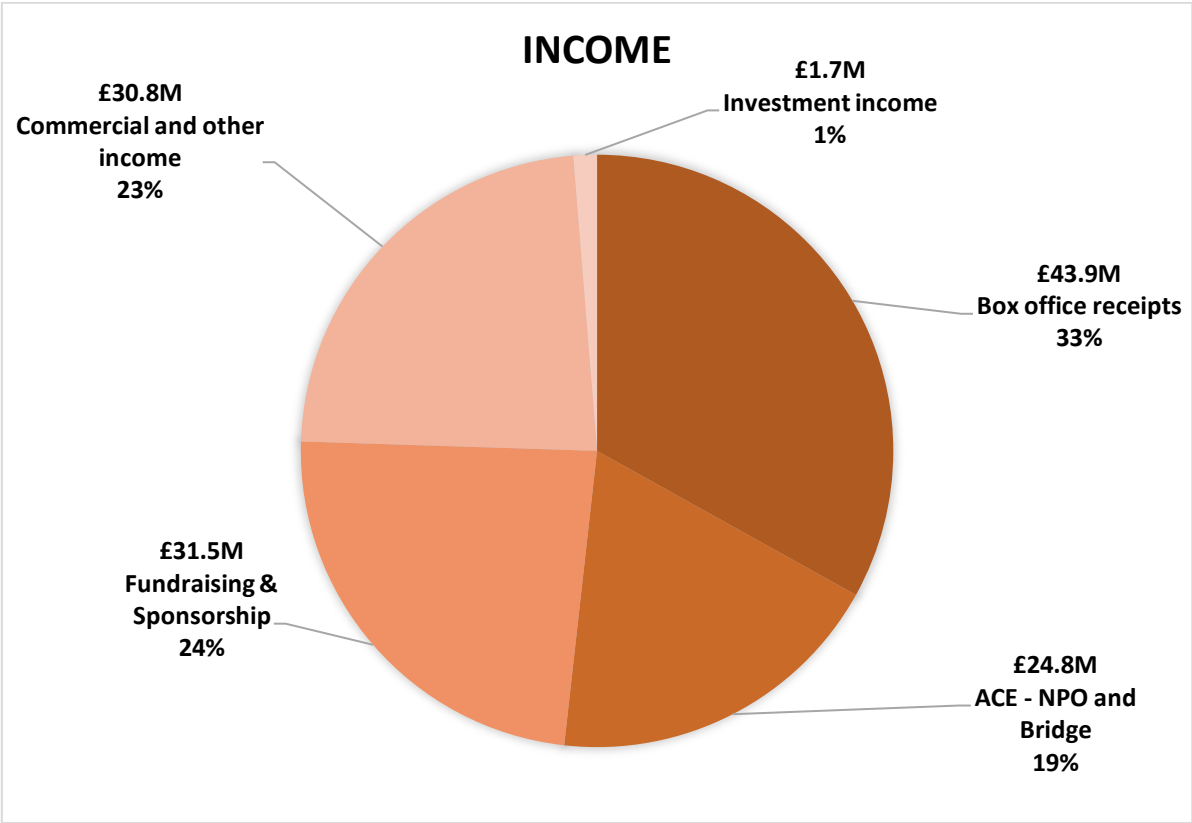
EXPENDITURE 2020



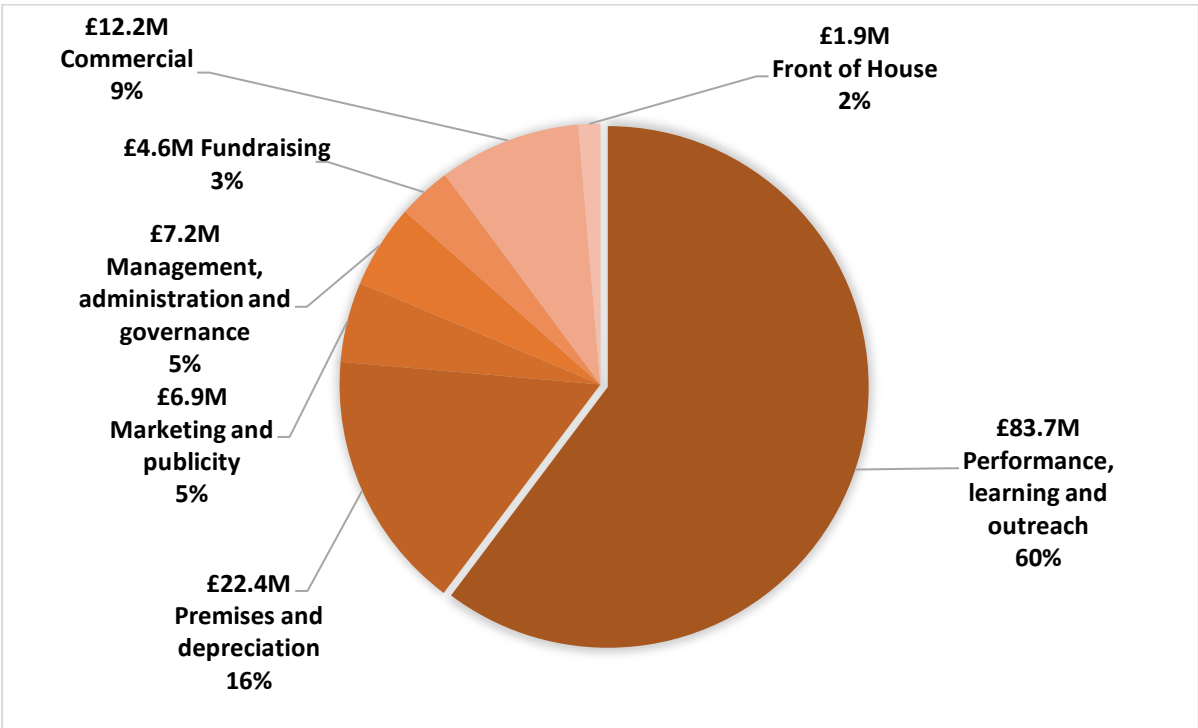
Total income £118.1m, including capital donations and funding of £0.5m. Total expenditure £127.6m, excluding capital expenditure. Figures exclude gains on investment, taxation and fund transfers.

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INCOME 2019



EXPENDITURE 2019



Total income £132.7m, including capital donations and funding of £1.0m. Total expenditure £138.9m, excluding capital expenditure. Figures exclude gains on investment, profit on disposal of operations, taxation and fund transfers.

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TIMESCALE FOR THIS REPORT

The Trustees are pleased to present their report together with the audited financial statements of the Royal Opera House Covent Garden Foundation for the 53 week period ended 30 August 2020.

The comparative period is the 52 week period ended 25 August 2019.

This document will be filed with the Charity Commission and the Registrar of Companies.

SIR SIMON ROBEY *Chair*

Welcome to the Royal Opera House Covent Garden Foundation (Limited by Guarantee) 2019/20 Annual Report.

It is a great pleasure to introduce the 2019/20 annual report as Chair of the Royal Opera House, and a privilege once more to play a part in this extraordinary organisation at such a defining moment in its history.

I would like to thank David Ross for leading the Royal Opera House Board through the challenges of the last year, helping to steer the Royal Opera House through the worst of the COVID-19 crisis. We wish him well as he focuses on his commitments and Board positions elsewhere.

Joining the Board of Trustees in September 2020 were Indhu Rubasingham, bringing with her a wealth of experience as Artistic Director of Kiln Theatre; and Lord Browne, Chair of the Francis Crick Institute and the Courtauld Institute of Art, with decades of experience in business and major public institutions.

As we emerge from the pandemic, I would like to thank everyone who has supported the Royal Opera House throughout this period of repeated closure, disruption and changing restrictions, and who continue to support us as we prepare to welcome back audiences, at scale, to our beautiful Covent Garden theatres in the weeks and months ahead.

The 2019/20 Season was undoubtedly a tale of two halves. In the first half, we presented a raft of new work, bringing together the world's finest ballet and opera talent on both of our stages in the first full season since the completion of the award-winning Open Up project. In the second half of the Season, we connected with our audiences in innovative new ways, moving to a curated programme of streamed productions, live concerts and online home learning opportunities that saw us reach more people than at any time in our history.

We simply would not have survived the year without the significant and vital support from Arts Council England and DCMS through the Culture Recovery Fund, and indeed the essential support from the Coronavirus Job Retention Scheme, and so all our thanks go to the Government for this lifeline, which helped address some of the immediate financial damage caused by this crisis, easing our route to re-opening and paving the way for the world's greatest artists to once more return to our stages.

As attention now turns to a future post-COVID, we will draw on the ingenuity and innovation of this eventful year, maintain the Royal Opera House's position at the heart of British cultural life, and ensure that culture and the arts are front-and-centre of the national recovery.

I would like to thank all those who continue to support our creative community as we get closer to re-opening our doors once again: for their generosity, for their constant encouragement and for their commitment to ensuring the widest possible access to exceptional ballet and opera. I would also like to recognise the passion, dedication and constant striving for the highest standards of the Royal Opera House's staff, and the resilience of every team across the organisation who adapted so brilliantly to ever changing circumstances throughout the 2019/20 Season.

Sir Simon Robey
25th May 2021

ALEX BEARD *Chief Executive*

As I write we are preparing for our first full Season since the onset of the pandemic in March 2020, excited once again to bring life to our stages and the joy of live performance back to our audiences. However, the year under review was the most challenging of times, as our community of staff and artists coped with financial and personal stress of cancelled performances, adapting to changing government restrictions and new working protocols, alongside working from home remotely while caring for loved ones in the context of the profound upheaval and uncertainty caused by the pandemic.

None of that was foreseen in the first six months of the 2019/20 Season, characterised by a breadth of exciting new work and repertory favourites across both of our stages, including a host of co-productions and partnerships with artistic companies from around the world. Delighting audiences at the Royal Opera House since 1946, The Royal Ballet's *The Sleeping Beauty* returned to the Main Stage, as did John Cranko's *Onegin* in a celebration of the heritage of the Company. Multi award-winning choreographer Cathy Marston brought us the world premiere of *The Cellist*, in a double programme alongside Jerome Robbins' *Dances at a Gathering*, and The Royal Ballet's magnificent production of *Swan Lake* returned for the first time since its debut in 2018 in a spectacular showcase of the artistry and athleticism of the Company. The recent desperately sad and untimely death of Liam Scarlett, who staged that production, represented a great loss of a major choreographic talent.

The Royal Opera strengthened its commitment to Handel, with Barrie Kosky's rapturously received new production of *Agrippina*, starring Joyce DiDonato in the title role. The Company performed *Faust* and *Otello* to packed houses in Japan, and David McVicar's new production saw Britten's *Death In Venice* return to Covent Garden for the first time since 1992. Gerald Barry' riotous *Alice's Adventures Underground* delighted family audiences and contemporary opera lovers alike, and we were thrilled to welcome Lise Davidson and Jonas Kaufman back to Covent Garden in a glorious run of Beethoven's *Fidelio*.

In the Linbury Theatre, The Royal Ballet celebrated Merce Cunningham's Centenary with performances of *Cross Currents*; Frederick Ashton's *Monotones II*, and a world premiere from Pam Tanowitz, *Everyone Keeps Me*. We welcomed a host of visiting companies, including Dance Umbrella, Acosta Danza, Northern Ballet and Rambert for a wealth of new work. The Royal Opera joined forces with Music Theatre Wales for only the second staged production of Gerald Barry's *The Intelligence Park*, and Katie Mitchell's *Zauberland* with Susan Bullock in her Royal Opera House debut. The Company's collaboration with Candoco Dance Company in *The Lost Thing*, with its exceptional cast of disabled and non-disabled singers, dancers and musicians, enthralled family audiences over Christmas.

All this abruptly stopped when, alongside every theatre in the land, we were forced to close our doors cancelling the Monday night performance of *La Traviata* on 16 March 2020, our sold-out performances of *Swan Lake* mid-run, that week's global cinema relay of *Fidelio* and the keenly anticipated first night of our new production of Leos Janacek's *Jenufa*. Audiences were not to return for six months, and then only intermittently and only in severely reduced, socially distanced numbers.

We rely heavily on box office income, and with performances cancelled £3 in every £5 of our income immediately disappeared. Only our Arts Council grant was guaranteed, representing less than 20% of costs and far less than our fixed costs. We are the largest employer of artists in the UK, and we must equally invest in the care of our Grade 1 listed theatre in Covent Garden, production workshops and facilities in Thurrock and Aberdare.

We strived hard to sustain the team and organisation through the resulting financial crisis, with a four-legged plan for recovery: a programme of restructuring, reducing our costs wherever possible; an extensive fundraising campaign, drawing on the huge generosity of our Friends, Patrons and supporters; vital support from Government through the Culture Recovery Fund and Coronavirus Job Retention Scheme; and realising such value as we could from our assets, notably through the sale of a David Hockney portrait of Sir David Webster, the first General Director of the Royal Opera House.

Working extremely hard with our three recognised trade unions, in July 2020 we started to negotiate a far-reaching restructuring plan. This led ultimately to many sad farewells for close friends and colleagues, changed working patterns and structures, and included pay sacrifices led from the top. More than 80% of our staff were placed on the Government's Job Retention Scheme, a financial lifeline for the organisation. We protected the pay for our most junior staff, provided support through counselling and welfare services, and held regular and frequent briefings, social events and communication sessions with all. This was a hugely difficult year for our people, but whether furloughed or continuing to work, team spirit stayed strong with scrubs-making for the NHS, joining volunteer programmes and supporting each other through the pandemic.

As soon as our doors closed to audiences, we began the #OurHouseToYourHouse Friday Premiere series of free, weekly broadcasts from our archive, starting with The Royal Ballet's *Peter and the Wolf* (2010) which achieved more than 9 million views in 183 countries across the world over the remaining months of the Season. We launched a new partnership with Luna Drive-In cinemas, presenting *La bohème*, *Swan Lake* and *La traviata* to audiences in iconic and historic outdoor venues around the UK. Together with Antonio Pappano's weekly House Music broadcasts; a suite of broadcasts in partnership with the BBC, Sky Arts and Netflix; home learning opportunities through our Design and Make programme, we were delighted to connect more people than ever before with our artforms. The Royal Ballet's partnership with Doncaster Council and Cast in Doncaster Dances saw local residents, primary schools, sports clubs, care homes and dance schools take part in a three-week community digital project to create original dance pieces on the themes of lockdown and social distancing, drawing on Prokofiev's *Romeo & Juliet*. Social media engagement grew across all channels, including now TikTok, with more than 330,000 subscribers within three months after launch. Our YouTube channel remains the most subscribed-to of any arts institution in the world.

We presented our first live performances since the start of the lockdown in June with three special *Live from Covent Garden* concerts. Curated and hosted by Antonio Pappano, these concerts celebrated the best of ballet and opera, and were broadcast live to a global audience via Facebook and YouTube. Featuring highlights from Benjamin Britten and George Friedrich Handel; as well as excerpts from Rossini's *L'italiana in Algeri*, Donizetti's *L'elisir d'amore*, and Gershwin's *Porgy and Bess*, sung by the Jette Parker Young Artists; as well as an intimate world premiere from Resident Choreographer of The Royal Ballet, Wayne McGregor, the concerts were a showcase of the talents of both companies. Principle dancers and first soloists from the ballet company also performed pas de deux segments from Christopher Wheeldon's *Within the Golden Hour*, Kenneth MacMillan's *Concerto* and Frederick Ashton's *Dance of the Blessed Spirits* among several other highlights.

The death of George Floyd and the Black Lives Matters protests in May and June 2020 were a stark reminder of the racism that continues to pervade society, institutions and our industry. This was a profound moment of reflection for us on the inadequacies of the past and the urgency of effecting long-term change, addressing conscious and unconscious racism and bias, seeking to embed the values of diversity and inclusion at the heart of everything we do. Alongside the pandemic this also brought to the fore the divide between rich and poor, racial injustice, educational poverty and the challenges of mental health. We look ahead with renewed focus on ROH's civic role, contributing to a more equal society in which anyone has the opportunity to develop their creativity, sense of self and realise their potential through ballet and opera.

Above all and without doubt it is our extraordinarily committed community of staff and artists that make the Royal Opera House such a remarkable institution, and my deepest thanks go to all my colleagues for their inspiration, dedication and professionalism. Profound gratitude also to our extended family of friends, patrons, philanthropists and audiences, without whom the Royal Opera House could not have survived and whose continuing support will enable us once more to bring exceptional ballet and opera to audiences in our theatres, in cinemas and streamed across the World.

Alex Beard, Chief Executive
25th May 2021

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WHO WE ARE AND WHAT WE DO

Who we are and what we do

Our mission

The Royal Opera House's mission is to enable many more people, from all backgrounds and wherever they live, to enjoy and engage in exceptional ballet and opera.

Our vision

The Royal Opera House aspires to be a global centre of excellence for the great art we produce and for the inclusive way we do it. That means telling stories that people want to hear, in ways they want to hear them and performed by people who look like them, reflecting the diverse make-up of the country.

How we achieve our mission and vision

We are home to three of the world's greatest performing art companies, the Royal Ballet, Royal Opera and the Orchestra of the Royal Opera House. We bring together the world's most extraordinary artists in live, streamed and broadcast events and performances that thrill, move and excite; that transport people to other worlds. Our theatres are in London's Covent Garden but our work is accessed and experienced across the UK and globally through touring partnerships, cinema programmes, free outdoor screenings, radio, TV and live-streaming.

Challenges

The period since the lockdown has inevitably had an enormous impact on our ability to realise our mission and vision – like the rest of the sector, our doors have been closed since March 2020. This has been the biggest challenge the Royal Opera House has ever had to face, severely impacting the charity's creative output, staffing model and finances. This report discusses the ways in which we strived to uphold our priorities and values throughout and to continue to serve our audiences and to ensure we can get back to a sustainable position as quickly as possible.

The coming pages expand on what was delivered against this plan during 2019/20 and, although outside the time scope for this report, we set out briefly how addressed the challenges in 2020/21 and how we are planning to recover from 2021/22 onwards.

ACHIEVEMENTS

Our 2019/20 priorities

At the start of the year, the Board and Executive team reviewed and updated the organisational plan.

However, from March onwards managing the impact of the pandemic became the Board's principal focus. More regular Board meetings were held, a financing sub-group established and a four-point Recovery Plan conceived to stabilise our finances and to sustain the organisation through what was undoubtedly the most serious crisis faced in modern times. The Recovery Plan included:

- Adjusting the operating model:
 - restructuring across all departments, resulting in a 20% headcount reduction by 2021
 - changes to contracts, including simplified terms and conditions, adjustments to hours and incorporation of media agreements
 - more agile, flexible working practices and structures
 - reduction in all salaries over £75k
- Disposal of assets: the sale of the portrait by David Hockney
- Fundraising
 - all donors have been asked to relax restrictions on committed gifts and to consider additional support
 - we have also encouraged donations around streamed performances, and greatly increased messaging around the need for support
 - Aiming to de-restrict some of our endowment funds
 - Launching a £65m recovery fundraising campaign
- Government support, through the Coronavirus Job Retention Scheme and then after the year end through a loan from the Culture Recovery Fund

Alongside this Recovery Plan we increased the frequency and range of streaming activities to maintain relationships with supporters, and to maximise audience reach.

Our wider organisation priorities over the year are summarised below.

Artistic Excellence

We consistently reflect today's best people and ideas, appealing to the broadest possible audience. This includes:

- **A balanced programming** - plan and deliver an exciting programme across auditoria, public spaces, cinema and digital platforms: that is true to our artistic identity, connects to diverse audiences, is affordable and can be delivered safely
- **Championing talent** - sustain and improve the conditions that attract the world's great artists and support them to make their best, most innovative work
- **New and under-represented artists** - work with partners to break down barriers

Outcomes: maintain audience satisfaction; increased diversity of creatives and performers, and diversity of audiences; income, net of costs, from performances

Opening Up

We open up all aspects of the ROH so we touch more people's lives and create a deeper sense of belonging. This includes:

- **Inclusive workforce** - review recruitment and ways of working so we attract a workforce more representative of society and support all staff to thrive
- **National participation** - support teachers to bring ballet, opera and theatre craft into classrooms nationwide and connect with under-served communities

- **Strengthening the sector** - share innovative practice and resources to help ballet, opera and the arts to thrive across the UK
- **Audience development** - welcome new people to our building and use data to understand and develop audiences in our theatres and in cinemas

Outcomes: consistent growth in daytime visitors in Covent Garden, UK cinema attendance, schools' participation; increasing workforce diversity

Revenue Growth

We increase overall income through compelling story-telling, ambitious partnerships and joined-up sales. This includes:

- **Customer spend** - work collaboratively to sustain strong box office, grow cinema sales, and maximise catering and retail income
- **Philanthropy and partnerships** - build awareness of our charitable purpose, impact and brand so that people and organisations want to contribute more
- **Capital campaign** - create and deliver a campaign to help fund the renewal of our buildings, stage and equipment
- **Endowment** - promote legacy giving so we can double the ROH Endowment and increase the income it will generate for future activity

Outcomes: optimised theatre and increased cinema ticket revenue; increased catering and retail income; sustained fundraising revenue; increased Endowment size

Organisational Health

We are a dynamic and sustainable organisation and a great place to work. This includes

- **Productivity** - save money, including through changes to working practices, new planning tools and improved IT
- **Valuing people** - embed health and safety, improve staff experience and ensure management responsibilities are clear
- **Stages, buildings and equipment** - invest in making the ROH a safe, productive workplace, that can be managed more affordably, with reduced environmental impact
- **Environmental sustainability** – implement a plan to significantly reduce our carbon footprint

Outcomes: reduced fixed costs; a safe working environment; satisfaction and work/life balance; decreased carbon footprint

Plans and targets were developed to reflect these priorities, aligned to upholding the charity's core values: treat each other with **respect**, be **open** and value the **highest standards**.

Below, we set out more details about how we did against each of these priorities.

Our performance against our priorities

Below is a summary of how we have performed, in the face of the challenges posed by the pandemic.

ARTISTIC EXCELLENCE

Balanced programming

Plan and deliver an exciting programme across auditoria, public spaces, cinema and digital platforms: that is true to our artistic identity, connects to diverse audiences, is affordable and can be delivered safely

The Royal Opera House presents the world's most accomplished ballet and opera artists in productions of extraordinary quality and scale. Of 444 performances planned for the year, 281 performances took place between September and March. Audience appetite remained strong, with 389,760 tickets sold, 94% occupancy and 82% of available financial capacity achieved.

The first part of The Royal Ballet Season was a tribute to the richness of the Company's heritage: one of Kenneth MacMillan's most enduring ballets *Manon*, followed by a mixed programme of Royal Ballet classics, the perennially popular *The Sleeping Beauty* and *Swan Lake*, and Coppelias warmly received revival, all demonstrating the exceptionally high calibre of the dancers across the Company. Cathy Marston's critically acclaimed *The Cellist* explored the story of Jacqueline du Pré, whose career was tragically cut short by Muscular Sclerosis in her twenties. The ballet was enriched by Philip Feeney's score, prominently featuring a cellist from the Orchestra of the ROH, Hetty Snell. A creative residency with the MS Society accompanied the production. Wayne McGregor's *The Dante Project* was in development, following the premiere of Thomas Adès's score and the first Act *Inferno* in LA the previous summer, but will now open during the 2021/22 Season. In the Linbury Theatre, the Company celebrated the centenary of Merce Cunningham with a successful run of performances including Cunningham's *Cross Currents*, subsequently performed in Paris; Frederick Ashton's *Monotones II* and a critically -acclaimed world premiere by Pam Tanowitz, *Everyone Keeps Me*. Also celebrating Cunningham's anniversary was a co-presentation with Dance Umbrella of work by Amala Dianor, and CNN – Ballet de Lorraine.

The Royal Opera began the Season in Japan, with performances of *Faust* and *Otello*. The first new production of the year, *Agrippina* - one of a series of productions reconnecting us to the heritage of Handel in Covent Garden - saw the return of director Barrie Kosky and extraordinary performances from Joyce DiDonato, Franco Fagioli, Lucy Crowe and Iestyn Davies. David McVicar created a rich and sensitive staging of *Death in Venice*, while Antony McDonald matched the riotous fun of Gerald Barry's *Alice's Adventures Underground* in a run of one-hour early- and later-evening performances for families and new music enthusiasts alike. As the ROH closed, we were completing runs of Tobias Kratzer's *Fidelio*, with Antonio Pappano conducting Jonas Kaufmann and Lise Davidsen and, in the Linbury Theatre, Isabelle Kettle's strong new interpretation of Handel's *Susanna* featuring artists from the Jette Parker Young Artists Programme. We sadly had to cancel the premiere of Matt Rogers's *She Described It To Death*, developed through our unique PhD composer-in-residence partnership with the Guildhall School, but hope this will have a future life.

Collaborations with visiting companies enriched our programming. The Orchestra of the Age of Enlightenment brought their expertise in early music to *Agrippina* while our own orchestra was in Japan. The Royal Opera's co-production of Gerald Barry's *The Intelligence Park* with Music Theatre Wales complemented *Alice's Adventures Underground* on the main stage, while in the international collaboration *Zauberland*, Katie Mitchell directed Martin Crimp and Bernard Foccrolle's dialogue with Schumann's *Dichterliebe*. The collaboration with Candoco Dance Company on our Christmas show for families, Jules Maxwell's wistful retelling of Shaun Tan's popular picture book *The Lost Thing*, helped us to explore the integration of different access offers into shows and visitor experience. Le Ballet de l'Opéra national du Rhin's *Les Beaux Dormants*, the co-production of *Aisha and Abhaya* with Rambert and visits from Acosta Danza and Northern Ballet extended the range, internationalism and types of storytelling offered across our stages and attracted new and younger audiences.

Performances on our stages were complemented by a wide range of free and ticketed events in our front of house spaces, and by Insight events exploring artistic practice and repertory. Highlights included a masterclass with Joyce DiDonato, the culmination of community residencies with Magpie Dance, a

discussion about producing work for young audiences bringing together sector figures and audiences, a free lunchtime performance from Acosta Danza and our first ever 'sound bath'.

Sadly, on 16 March rising numbers of Covid-19 cases in the UK caused the closure of all theatres, including the Royal Opera House. No longer able to rehearse or perform live, resulting in the loss of 60% of our income, our focus turned to enabling existing and new audiences to experience our work from their homes. The weekly #OurHouseToYourHouse 'Friday premieres' saw 19 productions streamed to a global audience via YouTube and Facebook. Towards the end of the summer we were also able to share archive productions in cinemas and at drive-in screening locations around the country. Music Director Sir Antonio Pappano brought his characteristic warmth and insight to a series of weekly 'House Music' broadcasts, performing and unpacking operatic repertory from his piano, including contributions from popular soloists. Once we were able to bring performers back into the building safely, we performed three live-streamed concerts, featuring a wide range of operatic extracts, song and ballet solos and duets.

In total, across the Season, 12 productions were broadcast into cinemas or drive-in screening sites, 21 broadcast on radio, 17 televised and 33 streamed, offering a rich range of the world's best ballet and opera for anyone around the UK to enjoy. Throughout the 2019/20 Season, both The Royal Ballet and The Royal Opera worked to ensure we continued to reach global audiences through live streams, broadcasts, socially distanced performances of brand new works, and a suite of opportunities to watch performances across a range of platforms including Netflix, Now TV, the BBC, YouTube, Vimeo, Sky Arts, Scala Radio and our website, all of which have enabled us to showcase the finest opera and ballet to a global audience.

Despite a number of necessary cancellations as a result of changing restrictions, performances of *La bohème*, *La traviata* and The Royal Ballet's *Swan Lake* and *Alice's Adventures in Wonderland* were screened at Luna Drive In cinema locations around the UK; and our *Royal Opera All Star Gala*, live broadcasts of *Ariodante*, as well as our three *Live from Covent Garden* performances were received to critical acclaim.

Looking ahead, we look forward to returning to a packed schedule of in-person and streamed productions as soon as possible in 2021, albeit with a reduced number of new productions while we manage the risks of temporary closures and transition towards a more sustainable financial position. We will continue to innovate to ensure we meet the demands and wishes of our audiences, in our theatre, online, as we work towards financial recovery.

Below we summarise what we were able to produce during our 2019/20 Season, despite the pandemic.

2019/20 Season

Ballet

We put on nine ballets by the Royal Ballet Company including three new commissions (*Everyone Keeps Me* by Pam Tanowitz, *The Cellist* by Cathy Marston, and *Aisha and Abhaya* by Sharon Eyal and Kibwe Tavares) plus Wayne McGregor's *Morgen!* created for the first Live From Covent.

Opera

We put on 15 operas by the Royal Opera Company including two new commissions and seven other new productions (Handel's *Agrippina*, Gerald Barry's *The Intelligence Park*, Donizetti's *Don Pasquale*, Robert Schumann and Bernard Foccoulle's *Zauberland*, Benjamin Britten's *Death in Venice*, Jules Maxwell's *The Lost Thing*, Gerald Barry's first UK production of *Alice's Adventures in Wonderland*, Handel's *Susanna*, and Beethoven's *Fidelio*).

Partnering

We partnered with 12 companies on productions and performances, including:

- Acosta Danza
- Amala Dianor
- Ballet de Lorraine
- BBC Films

- C.I.C.T. – Théâtre des Bouffes du Nord
- Dance Umbrella
- Les Ballet de l'Opéra national du Rhin
- London Handel Orchestra
- Northern Ballet
- Orchestra of the Age of Enlightenment
- Music Theatre Wales
- Rambert

Reaching audiences

Despite the pandemic, we were able to put on 146 performances and participatory events front of house (out of 244 planned), 12 productions were screened at cinemas and drive-in screening sites, and 21 productions were broadcast on radio, 17 televised and 33 streamed.

Championing talent

Our aim is to sustain and improve the conditions that attract the world's great artists and support them to make their best, most innovative work.

The Royal Opera House employs more artists than any other UK arts organisation and works with an expansive network of freelance creatives, singers and other performers.

At the heart of our creative output are our three permanent ensembles: The Royal Ballet (96 dancers), the Royal Opera Chorus (46 singers) and the Orchestra of the Royal Opera House (116 instrumentalists). Their reputation for technical and theatrical excellence attracts international talent to the UK and is a source of great pride.

Exceptional performances during the Season included Joyce DiDonato in *Agrippina*, with the Orchestra of the Age of Enlightenment; two strong British casts in the world premiere staging of Gerald Barry's complex score for *Alice's Adventures Underground*; Bryn Terfel in *Don Pasquale*; Mark Padmore in *Death in Venice*; Lise Davidson and Jonas Kaufmann in Tobias Kratzer's provocative *Fidelio*; Masabane Cecelia Rangwanasha in *Susannah*; Beth Langford in *The Lost Thing*; Francesca Hayward and Alexander Campbell in *Manon*, with Cesar Corrales making his debut; Roberto Bolle's guest appearance with Marianela Nuñez in *Onegin*; Reece Clarke's debut opposite Natalia Osipova in *Onegin*'s opening night; Lauren Cuthbertson and Marcelino Sambé in *The Cellist* Yasmine Naghdi and Matthew Ballet leading the Company in the opening night of *The Sleeping Beauty*; and the emergence of Mayara Magri, Fumi Kaneko and Anna Rose O'Sullivan across the Season's productions.

This was an incredibly difficult year for performers, creatives and freelancers, many of whom continued to create and share performances and daily practice via social media and to campaign for support for the cultural sector. The Companies were furloughed during the Covid-19 pandemic, but we were able to sustain daily class for dancers via Zoom and, towards the end of the year, we began to bring our dancers back to the studios for limited, socially distanced rehearsal, enabling them to gradually regain essential fitness and rehearsal time. Plans are also in place to enable the Orchestra and Chorus to restart socially distanced practice as an ensemble, although it will be some time before we can perform on the scale to which we are accustomed.

Awards and nominations

During the period, we won 16 awards and they are summarised below.

| Award | Description |
|--|--|
| Time Out 'Time In' | Won by our #OurHouseToYourHouse programme for a cultural initiative that makes life worth living |
| Sir Peter Hall Director Award. | Won by Anthony Almeida, a Jette Parker Young Artists Programme Link Artist |
| Restaurant & Bar Design Awards 2019 (Best UK Heritage Building) | The Royal Opera House's Piazza Restaurant |
| Construction Project 2019 | The Royal Opera House won Construction Project of 2019 in the UK Construction Week Awards |
| Wood Awards | Commercial & Leisure category |
| The Singer Award at the 2019 Royal Philharmonic Society Awards | Nina Stemme for her performance as Brünnhilde in The Royal Opera's production of Wagner's <i>Ring Cycle</i> |
| Best Lighting Design for in the FX Lighting Awards in January 2020 | Open Up Project |
| Distinguished Musician Award | Thomas Adés (by the Incorporated Society of Musicians) |
| Civic Trust Award | Given to projects which demonstrate excellence in architecture or design whilst being sustainable, accessible and providing a positive civic contribution |
| 2019 Critics' Circle Music Awards | Deborah Warner's production of <i>Billy Budd</i> for The Royal Opera was named Best Opera Production |
| National Dance Awards | <ul style="list-style-type: none"> - Best Female Dancer, Francesca Hayward - Best Male Dancer, Marcelino Sambé - Outstanding Male Performance (Classical), Gary Avis in <i>Winter Dreams</i>; <p>And a further 11 nominations</p> |
| Black British Theatre Awards | Marcelino Sambé for his role in <i>The Cellist</i> |
| Olivier Awards | Best Opera Production - <i>Billy Budd</i> |
| Royal Philharmonic Society Awards | Singer Award – Nina Stemme for the <i>Ring Cycle</i> |

In addition to the awards won above, we were nominated for a further six awards.

| Award | Description |
|-----------------------------------|--|
| Royal Philharmonic Society Awards | <i>Lessons in Love and Violence</i> (RO co-commission, 2018/20), <i>Cave</i> (RO co-commission, 2018/20) and Elaine Mitchener in <i>Cave</i> |
| Building Awards 2019 | Refurbishment Project of the Year. |

| | |
|---|--|
| London International Awards '(Art Direction Campaign' category) | 'Feel Something New' artwork |
| 2019 BroadwayWorld UK Awards. | <i>Agrippina</i> was nominated for 'Outstanding Achievement in a New Opera Production' |
| The National Dance Awards 2019. | A record 18 nominations for members of The Royal Ballet |
| 2020 Olivier Awards | 2020 Olivier Awards nominations for The Royal Opera's <i>Berenice</i> for Best New Opera Production and the Jette Parker Young Artists nominated for Outstanding Achievement in Opera. |

New and underrepresented artists

Work with partners to break down barriers and discover and nurture extraordinary, diverse artists for tomorrow

Broadening the diversity of our creative programmes, and who creates and performs them, is a major priority for the ROH. The Royal Opera is a signatory to the Keychange initiative and on track to achieve its goal of at least 50% of the creatives it commissions being women by 2022, a goal that is matched by The Royal Ballet. The Season to March saw new work led by choreographers Pam Tanowitz, Cathy Marston, Sharon Eyal, Morgann Runacre-Temple and Mariana Rodrigues, and directors Katie Mitchell and Adele Thomas, plus opera R&D awards for Daisy Evans and Laura Bowler, Nadifa Mohamed and Nina Whiteman, and Maria Fusco and Ailis Ni Riain. The Engender Network for women working in opera now numbers almost 200 and we have continued to offer courses for emerging women conductors, moving this activity onto Zoom during the lockdown.

The Jette Parker Young Artists Programme continues to provide one of the world's leading centres for new operatic talent, offering two years' training for artists with potential to forge an international career, plus additional support for emerging artists from under-represented backgrounds. Recruitment paused during the early stages of the Covid-19 pandemic however we continue to support staff and artists prioritising vital areas of work.. A new programme of work has been introduced, building opera interest and skills among a diverse cohort of thirty theatre directors, nine of whom will have the opportunity to film an opera for an online audience or assist on our main stage programme in October 2020. Other sustained programmes include the BA Opera Makers course and PhD Composer in Residence with Guildhall School of Music and Drama and opportunities for Southbank Sinfonia players. The Draft Works, Emerging Choreographer position and International Draft Works choreographic development showcases will be restarted when it becomes feasible for choreographers and dancers to again work in close proximity.

The Youth Opera Company, which is drawn from socio-economic disadvantaged and ethnically diverse parts of London and the South East, performed in *Cavalleria Rusticana/Pagliacci* and celebrated its ten-year anniversary with a performance in the Linbury Theatre. In Birmingham we piloted Opera Nation, a new dramatic singing model providing training and bursaries for 14-18 year-olds from under-represented backgrounds, working in partnership with Royal Birmingham Conservatoire. Chance to Dance, which works with The Royal Ballet School and private dance schools to diversify the early talent pipeline for ballet, was rolled out in the West Midlands with Birmingham Royal Ballet and Elmhurst Ballet School, in addition to the continuing work in Essex, influencing ballet teaching and changing perceptions. We have begun building relationships to embed the project in Doncaster and South Yorkshire.

OPENING UP

Open up all aspects of the ROH so we touch more people's lives and create a greater sense of belonging

Audience development

Welcome new people to our building and use data to understand and develop audiences in our cinemas and beyond

In the year since reopening new public spaces, thanks to the Open Up project, we had firmly established a vibrant daytime programme, encompassing free and ticketed lunchtime performances, Family Days, early years workshops, and craft workshops. By March we had completed 146 of the 244 events planned for the 2019/20 Season, with 18,392 attendances. Among the highlights were themed Family Sundays connecting an increasingly diverse audience with performances and participation; the Dots Day for under-fives and an After Dark Late for younger adults proved especially memorable. A further 9,790 people attended a backstage tour. Rolling displays opening up the history and theatre craft of the theatre and its companies animate the space, with this year's Christmas décor inspired by the lilac fairy from Sleeping Beauty.

We had identified improving opportunities and access for disabled people as a priority for the year. We began a programme to train and support a Champion for disabled people within every department, drew on our collaboration with Candoco and worked closely with experts in special education needs from Beacon Hill School to trial new ways of working, adding relaxed performances, visual guides, BSL integration, touch tours and audio-description to our access offer. As our future artistic programming becomes clearer, and having consulted with disabled people about their return to the building in the context of Covid-19, we will implement a wider, more balanced access offer across all our work and visitor services.

Away from Covent Garden, live cinema relays to March attracted a UK audience of 292,577 across 477 cinemas, 90% of them outside London, and an overseas audience of 217,677. World Ballet Day saw a 23% uplift to 243,000 live views of the Royal Ballet segment, with 1.7m subsequent views. Our rich digital archive meant we were well-placed to continue to share our work with audiences during the UK lockdown, attracting 9.15m views of 19 archive productions and three live performances.

We continued to open up our world via social media, increasing reach through engaging content and frequency of posts. Highlights included Facebook Live recitals from artists including Joyce DiDonato and Instagram takeovers from The Royal Ballet, offering glimpses into how dancers are keeping fit at home during lockdown. Our YouTube channel remains the most subscribed to arts organisation in the world, with 951,000 subscribers; Facebook Friends number 1.5m and Twitter 445,000. We continued to expand the range of influencers with whom we work to raise awareness of our offer among diverse new audiences and will be exploring the potential of the TikTok platform, having accumulated 352,000 followers.

National participation

Support teachers to bring ballet, opera and theatre craft into classrooms nationwide, and connect with under-served communities

Up until the closure of schools in March, 686 schools, 92% of them outside London, were taking part in one of our national learning programmes – Create and Sing, Create and Dance and Create and Design – which blend live and digital learning, supported by teacher CPD and resources, to enable schoolchildren to experience and take part in the arts. CPD took place in locations as far afield as Cornwall, Thurrock and Berwick upon Tweed, with a special session for SEN teachers in Coventry complemented by inclusive workshops. A further 680 schools accessed resources on our Learning Platform, while 215 attended a Schools Matinee or took part in another ROH-led programme. In Thurrock, the Trailblazer programme is active in 72% of the borough's schools. The Learning Platform underwent extensive redevelopment, including complete user interface and experience redesign. Our intention is to continue to grow engagement with our national offer, targeting places outside London where engagement with cultural has traditionally been low, as well as the most ethnically diverse London boroughs, to make a generational shift in who has the opportunity to discover and participate in ballet and opera.

The closure of schools due to the pandemic inevitably paused this work. In consequence, we pivoted quickly to a home learning offer. This new 'Create and Learn' programme attracted 167,015 unique page views on our Learning Platform of which 79,366 were to the pages setting out activities such as 'make your own mini ROH', creating a dance about gifts and sweets, and a lockdown design challenge. The BBC Ballet Day in partnership with BBC Bitesize Daily attracted 31,000 engagements within the first week of release alone.

ROH Bridge continued to build strong education partnerships in their region. During the lockdown, Let's Create Arts Packs were delivered to 7,500 vulnerable children across the Bridge region of Bedfordshire, Greater Essex, Hertfordshire and North Kent through partnerships including Local Councils and charities. With the other Bridge organisations around the UK, ROH Bridge conducted a survey of education professionals about the learning needs of children and young people emerging from lockdown to inform future strategy.

2019/20 saw the launch of a new partnership in Doncaster, as part of the Doncaster Creates initiative to celebrate and promote culture in the town. A Royal Ballet gala concert and the participatory activity originally planned was put on hold due to Covid-19. However, in its place we delivered Doncaster Dances, engaging 135 local residents, 6 community groups, care homes and schools in a film-based creative dance project inspired by Kenneth MacMillan's Romeo and Juliet. Following digital resources and remote direction from Doncaster-based Royal Ballet dancer Charlotte Tonkinson, participants learnt steps and created their own sections of dance exploring themes of loss, love and separation, friendship, family and solidarity, culminating in a film showing at Cast and shares across social media. We will continue to build on this relationship over the coming year, establishing Chance to Dance locally and embedding ROH learning programmes in every primary school.

Strengthening the sector

Share innovative practice and resources to help ballet, opera and the arts to thrive across the UK

The networks of the Royal Opera House and its resident companies extend across arts and culture, technology, education and training, and communities. Last year we worked with more than 200 organisations and 1,500 schools. We showcased the work of 12 visiting companies in the Linbury theatre, streamed two visiting company performances and presented many more independent artists and organisations in our front of house spaces.

The Royal Opera's Engender network for women working in opera continues to grow in size and influence, with 250 members and 100 women from the UK, Europe and beyond regularly attend live and Zoom events incorporating discussions and 'speed dating' between creatives, leading to new commissions. We also worked with Improbable to hold 'Time for Radical Thinking: what can and should opera be and how might we build it together?', an open space event attended online by 120 people. Unfortunately a second symposium on diversity and inclusion in ballet training, part of The Royal Ballet's festival of young talent, has to be postponed due to the pandemic. We also hosted this year's Stage Awards.

Over 100 primary and secondary heads and multi-academy trust Chief Executives attended the ROH Bridge Headteachers Symposium, created in partnership with the Cultural Learning Alliance and the Bridge organisations from across the south east, with keynotes from Professor Bill Lucas from Winchester University and the Centre for Real World Learning and Amanda Spielman, Her Majesty's Chief Inspector of Schools. A special Insight brought together audiences, sector guests and a panel featuring artistic directors Timothy Shearer and Peter Glanville, film-maker Kibwe Tavares and writer Francesca Simon to explore the creation of innovative work for young audiences, complemented by a glimpse of Rambert and The Royal Ballet's new work for teenagers *Aisha and Abhaya*.

The ROH's Audience Labs is a three-year project to explore the potential of new technologies to create transformative work and reach new audiences. Following an open call process with video magazine Guap, we began a research and development process on *Munkination* – a collaboration between director Isabelle Kettle (currently a Jette Parker Young Artist) and hiphop producer and HAM the Illustrator. Work was also completed on *Current, Rising*, the world's first ever opera in hyper-reality with an all-female creative team, which was scheduled to premier in November 2020, but which will now take place at the earliest opportunity in 2021. The Audience Labs team shared their learnings at ISPA and had been due to present at SXSW,

Museums Next, DOX and the Opera Beyond opera/technology conference in Finland prior to the Covid-19 pandemic. The Linbury Theatre was also the venue for the first day of Remix, the leading sector conference on digital and culture, bringing together people working in technology and the arts.

We co-hosted a 'meet the funder' event, bringing together over 100 cultural organisations with representatives of seven major trusts and Arts Council England. We were also one of ten organisations working with the Management Centre to test and share behaviour science approaches to fundraising.

Staff were encouraged to share their skills as Board members for other organisations and their learnings at a variety of conferences in the UK and overseas. Presentations included learnings about the Opera Nation youth dramatic singing project at the Equality, Diversity and Inclusion in Music Higher Education Conference at London City University, new technologies at the Remix conference, health and safety risk assessments at the Association of British Orchestras conference and sound management at various conferences including Opera Europa. We have extended our use of LinkedIn to share a wider range of sector-relevant news stories, information and events.

Inclusive workforce

Review recruitment and ways of working so we attract a workforce more representative of society and support all staff to thrive

The death of George Floyd and the Black Lives Matters protests were a stark reminder of the racism that continues to pervade society, institutions and our industry, prompting robust and productive conversations at Board and Executive level and the creation of a Board EDI Committee. With a new approach in every department at ROH, Diversity and Inclusion is now firmly prioritised and embedded feeding in to the ROH staff Diversity & Inclusion Network. A number of new committees and sub-groups of staff and artists have been established in response to the BLM movement, driving debate, change and reflection. We have redoubled our commitment to embedding change at the heart of our organisation and throughout our artforms, as set out in the Anti-racism Pledge and updated Equality, Diversity and Inclusion Plan published in September 2020, and have categorically rejected a continuation of 'business as usual' with regards to diversity, inclusion, equality and fairness in our organisation.

We continued to implement widespread inclusive recruitment practices such as anonymous shortlisting, balanced interview panels, removing unnecessary criteria from adverts and job descriptions and working with partners such as *The Camden Society* to identify suitable candidates. We were a partner in Inclusion London's pilot Supported Pathways project, offering three paid work placements to enable learning disabled students to gain experience of working in the arts.

As part of our four-pronged plan for financial recovery, it has been necessary for us to restructure our staffing, further details of which are included later in this report. The restructuring process included regular equality impact assessment, discussed at Board level and published to all staff. When the time comes to recruit back, we will take the opportunity to be more targeted in our advertising to ensure a more inclusive recruitment process and a more diverse workforce.

We continued to roll out Diversity and Inclusion training for all people managers within the ROH and began a programme to train and empower a champion for disabled people within each department. Our involvement in the Tonic Advance Network enables us to take part in specialist training in specific aspects of equality, diversity and inclusion, alongside opportunities to share and learn from best practise among peers in the performing arts.

The Staff Diversity and Inclusion Network continued to meet every six weeks, with attendance growing to around 80 staff by the end of the Season, with sub-groups to re-assess on repertory for both artistic companies, as well as ROH-wide matters of concern. The organisation marked Black History Month, International Women's Day, London Pride and, for the first time, International Day of Persons With Disabilities both internally for staff and through a campaign of events, external communications and live-streamed insights for ROH audiences to engage with these topics.

REVENUE GROWTH

Our plan includes ensuring we have a sustainable income base to enable us to deliver our other objectives. Of course, the pandemic has impacted our finances and below we set out how we have been addressing those challenges.

Customer spend

Work collaboratively to sustain strong box office, grow cinema sales, and maximise catering and retail income

The immediate impact of the Covid-19 pandemic was been an immediate loss of all box office and ancillary trading income (catering, retail and cinema) with effect from March 2020, a shortfall of £28.9m against budget for the 19/20 Season, compounded by a reduction in our Theatre Tax Credit claim of a further £3.1m, and the additional cost of restructuring at £5.8m to achieve permanent reduction in headcount described in more detail below.

Using the opportunity of increased take-up of streaming platforms during the lockdown, we have been testing, developing and building audiences for pay per view (PPV) performances. We are also in the early stages of exploring the potential to develop a new streaming platform. Although a welcome revenue source, income from PPV is currently no more than a small fraction of theatre box office income. Over the longer term we hope to grow revenues and to extend public engagement with ballet and opera across the country and internationally. This new channel will complement our programme of cinema relays, which has also been severely disrupted by the pandemic.

We will return to staged productions as soon as feasible within Government safety restrictions but continuing social distancing measures place severe limits on audience capacities, back of house operating methods, and the scale and number of productions. The overall impact is to severely limit income-generating activity with a major impact on our financial model – our operating budgets break even at 90%+ occupancy. With performing restrictions and social distancing continuing for some time to come, reduced tourism activity and a cautious approach to returning to theatres from some members of the audience, we anticipate that revenues will be severely depressed through 2021/22.

We are mitigating the impact of lost revenues through a four part Recovery Plan: an extensive and far reaching programme of cost reduction, non-core asset sales, a major fundraising campaign and through a loan from the Government's Culture Recovery Fund.

Philanthropy and partnerships

Build awareness of our charitable purpose, impact and brand so that people and organisations want to contribute more

Fundraising income for year was £2m over budget which was remarkable given the pause in our public programmes and, with this, our ability to fulfil conditions associated with sponsorship and membership during the full year. While much of this funding was pledged prior to March, donors were generous in relaxing restrictions on committed gifts and considering additional support. Donors valued the additional digital and personal communications and virtual events that were created post March, as evidenced by retention rates and overall fundraising income.

We invested quickly in digital fundraising via platforms such as YouTube, Facebook and Charity Checkout, communicating the need for additional donations around streamed activity. Royal Opera House artists played a key role in making the case for support, raising over £700k in online donations between the start of the pandemic and the end of August.

Although we were unable to present anything like a full programme in the 2020/21 Season we are confident of sustaining £15m of core revenue funding, growing over the following three seasons back to pre COVID levels.

Capital campaign

Create and deliver a campaign to help fund the renewal of our buildings, stage and equipment

We had planned to develop a campaign to undertake works to our backstage facilities. However, given the Covid-19 pandemic, the pressing need is to sustain the organisation through its unprecedented closure and enable it to return to a sustainable position by 2022. A £30m recovery fundraising campaign will be launched in Autumn 2020. In addition to revenue fundraising targets, this will secure pledges over the period to 2021/22 as a key plank of our recovery strategy, alongside repayable finance from the Government and asset sales. The most urgent capital needs will be folded into the scope of the campaign.

Endowment

Promote legacy giving so we can double the ROH Endowment and increase the income it will generate for future activity

We continued to promote legacy giving through talks at General Rehearsals, programmes, Friends magazine messaging and direct mail, with a particular focus in October for Make A Will Month. The number of individuals who have expressed their intention to leave us a legacy rose from 372 to 412. We continue to acknowledge the commitment and foresight of these supporters as Baton Associates, holding a number of events through the year to enable them to learn more about our work and future plans.

ORGANISATIONAL HEALTH

The pandemic has sharpened our focus on financial efficiency which includes investing smartly in renewing our building and modernising how we work

Productivity

Save money, including through changes to working practices, new planning tools and improved IT

In the earlier part of the year we continued our work to identify efficiency improvements in our working practices. We undertook significant re-tenders, including for security and stage engineering services and for internet hosting and connectivity. A 3-year IT strategy was produced which included a project to replace our desktop estate; this was completed in mid-March with the roll-out of mobile devices.

The need to reduce costs became considerably more acute and urgent with the closure of the ROH in March due to the Covid-19 pandemic. Performances, participatory events, artist development, teacher CPD, R&D and capital spend were all immediately cancelled, reducing discretionary spend to a minimum and enabling us to furlough 85% of staff. Remaining resource was focused on activity critical to the long-term sustainability of ROH: streamed performances and learning, fundraising and essential operational support. All staff salaries (both furloughed and working) were reduced by 20% from May, with a 25% reduction for the CEO and the Music Director waiving all payments. Combined with government relief, savings were achieved of £28.6m against budget. However, a sustainable position into the autumn and winter of 2020 has only been possible through use of reserves, while continued social distancing and the economic impacts of the pandemic mean that revenues will be severely depressed over the coming years.

To sustain the ROH longer-term, we began a restructure across all departments, which was concluded in Autumn 2020. This will result in a 20% headcount reduction for 2021, changes to contracts, and more agile, flexible working practices and structures. All salaries over £75k will be reduced, with at least 10% overall reduction to those earning over £150k and a 25% reduction for the CEO. This will achieve a reduction in payroll of more than 25% in the short term and a long-term saving of circa 20% from pre COVID levels.

Valuing people

Embed health and safety, improve staff experience and ensure management responsibilities are clear

Following an extensive consultation process with staff, we launched a set of Royal Opera House values and behaviours at the start of season: "Treat Each Other With Respect", "Be Open" and "Value the Highest

Standards". These were rolled out through workshops, briefings and signage and are reflected at the contract stage of working with visiting artists and all freelancers. The new 'Spotlight' staff awards highlighted exceptional performance and role modelling of the values and behaviours. We continued to roll out Diversity and Inclusion training for all people managers and introduced a new coaching course for selected managers.

An external audit of Health and Safety was commissioned and, on the back of this, a project developed to improve practices and accountabilities across every part of the organisation overseen by a new sub-committee of the Board for Health & Safety. External advisors were appointed to help us develop a comprehensive Health & Safety Management System through which our policies, practices and training programmes will be reviewed and enhanced as necessary. We continued to develop our sound management practices and trialled new software via a company based in the US to monitor individual sound exposure in real time. A new Employee Assistance Programme was rolled out, providing staff with confidential and direct access to counsellors, supported by the ROH Benevolent Fund.

In early 2020 an independent review of our safeguarding policies and processes was commissioned which made a number of recommendations that we have implemented over the last year. The Trustees have approved a Safeguarding Framework that covers both safeguarding of Children and Adults at Risk but also staff wellbeing. Policies have been revised including the Policy for the protection of Children and Adults at Risk and the Bullying and Harassment Policy and Procedures. We have implemented terms of reference for our trustee safeguarding lead, a serious incident reporting policy and made safeguarding training available for all trustees. We have also set up a confidential safeguarding email as well as a secure site for case management on the intranet (for all safeguarding cases) and worked with a new supplier on the implementation of an updated whistleblowing service. Resources have been developed for staff struggling with mental health. The performing companies have had safeguarding briefing sessions and enhanced arrangements have been put in place to deal with child performers.

Covid-19 had a profound impact on our community of backstage and front of house staff, craftspeople and artists, permanent and freelance. Around 85% were placed on furlough and all staff pay was reduced by 20%, with a reduction in hours for non-Executive staff still working. In July we entered into redundancy consultations. Staff have shown tremendous resilience and commitment to the organisation through this period. There has been widespread staff attendance at fortnightly all-staff briefings, company-wide and departmental meetings and discussions focused on equality, diversity and inclusion have ensured full transparency and delivery of a new approach. We have shared a wide range of resources and learning opportunities and will providing outsourcing support for those affected by the restructure, many of whom have worked for ROH for many years.

Stages, buildings and equipment

Invest in making the ROH a safe, productive workplace, that can be managed more affordably with reduced environmental impact

The project to replace the main stage flying system – the essential equipment that enables changes of scenery and lighting on the ROH's main stage, which was over twenty years - is well underway. We refurbished two of the front of house lifts as part of a building-wide lift project. A new 4K-capable media suite was in place for our first cinema relay of the Season.

The Open Up programme, completed in September 2018, has opened up our public spaces, improved visitor experience and enabled new activities and revenue stream. In 2019/20 a new box office was added to the ground floor foyer and we introduced ticket and voucher scanning. Kitchens and storage areas in the Paul Hamlyn Hall were upgraded to enable us to extend our catering offer.

Early on in the pandemic, we donated PPE (masks, gloves and protective clothing) to London Ambulance Services. By the end of the year we were developing our own detailed COVID-safe plans to ensure staff and artists could return to the building; most crucially from June, we welcomed dancers back for daily class in socially distanced ballet studios. Those plans were an essential element to being able to stream live concerts in June; during the summer we built on these plans to commence rehearsals for our autumn programme.

The ROH Collections, which provide a unique insight into the heritage of the organisation and its artforms, as well as critical organisational memory, initiated a project to conserve and catalogue over 6,000 playbills from the 18th and 19th century

Following the 2019 condition surveys of the estate and stage equipment, we formulated an Estates Plan in December and launched a feasibility project to develop a 'masterplan' for ROH's estates in Covent Garden and Thurrock with revised configuration of office accommodation and workshops. The severe impacts of Covid-19 on our fundraising mean that in March, the feasibility project was paused whilst we considered the most urgent priorities given the need for Covid-safe working practices.

Environmental sustainability

Better understand and plan to significantly reduce our carbon footprint

Everything we do has an impact on the environment. We are committed to working towards a net zero operation as well as to raising environmental awareness among our staff and audiences.

A new Sustainability Strategy Group is now in place to lead our work in this area. We began the year with a strong management focus on measuring, and then improving, our environmental impact across four areas: buildings, productions, operations and people (staff, artists and audiences).

Our buildings

The Royal Opera House has three sites: Covent Garden, Thurrock and Aberdare. Over the last decade we have made improvements to Covent Garden including replacing chillers and installing LED lights into offices, front of house areas and the new Linbury Theatre. The workshops in Thurrock were built in 2010 and 2015 and are more environmentally sustainable buildings with a ground source heat pump and green roof.

During this last year, we put in place new recycling stations in Covent Garden and Aberdare, introduced new waste streams for coffee cups, food waste and cardboard, and commissioned an energy strategy to determine the roadmap for carbon neutrality across our infrastructure.

Across our buildings, we are committed to:

- developing an Estates Plan that commits to upgrades of our infrastructure and equipment to reach net zero
- improving waste management and recycling rates (currently at 57%) and improving the levels of re-use and recycle in all activities

Our productions

A new Production Sustainability Group has been created to ensure sustainability is at the heart of our production processes. As we re-start our programme, we will be working with all creative and technical teams to reduce the carbon footprint of our work.

The team have been part of a sector wide 'Green book' on sustainability in productions due to be published in 2021-22 setting standards and best practice for minimising the impact of our productions on the environment.

Our operations

The lockdown during Covid has changed the way we work. As we begin our activities again, we are committed to

- Measuring, and reducing, our Scope 3 emissions
- Minimising single use plastic and using recyclable packaging wherever possible
- Evaluating the environmental policies of contractors throughout the procurement process and ensure contractors observe good environmental practice when working on ROH sites
- Working with Company of Cooks to improve the sustainability of our food offering and to refocus menus to be based more on seasonal and British produce

Our staff, artists and audiences

Our commitment to sustainability was re-stated throughout our staff meetings as part of the ROH plan. The staff Environmental Action Group helped roll out the new recycling arrangements and the group will re-launch at the start of the new season.

During the next year, we are committed to:

- Promoting environmental awareness amongst our employees and encourage them to work in an environmentally responsible manner
- Enabling audiences and visitors to understand and minimise their pollution and carbon footprint when visiting us – promoting a reduce, re-use recycle approach
- Measuring and reducing our staff and artists travel and building on new working practices developed during lockdown
- Encouraging, enabling and participating in public discussions concerning environmental issues

Streamline Energy and Carbon Reporting

In accordance with the requirements of Streamlined Energy and Carbon Reporting (SECR) imposed by the 2018 SECR Regulations, we are required to disclose the following energy and carbon information for the reporting year 1st September 2019 to 31st August 2020

| |
|--|
| Scope 1: Emissions from combustion of Gas tCO ₂ e: 1,127 (Energy consumption: Gas 6,127,551 kWh) <i>Methodology: tCO₂e calculated from the product of the invoiced gas consumption in kWh during the reporting period and the 2020 UK Government GHG Conversion Factors for Company Reporting (version 1.0) for 'Natural Gas'</i> |
| Scope 2: Emissions from purchased electricity tCO ₂ e: 1,748 (Energy consumption: Electricity 7,498,289 kWh) <i>Methodology: tCO₂e calculated from the product of the above stated electricity consumption in kWh during the reporting period and the 2020 UK Government GHG Conversion Factors for Company Reporting (version 1.0) for 'Electricity Generated/Electricity: UK'</i> |
| Scope 3: Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing for fuel tCO ₂ e: 13 <i>Methodology: tCO₂e calculated from the total mileage expenses claimed during the current reporting period (47,080 miles) multiplied by the 2020 UK Government GHG Conversion Factors for Company Reporting (version 1.0) for an Average Car and Unknown fuel type</i> |
| Intensity ratio: tCO ₂ e gross figure based from mandatory fields (tCO ₂ e/m ²): 0.052 <i>Methodology: The intensity ratio stated above has been calculated as Tonnes of CO₂e per total square metres of property owned (57,438m²)</i> |

FUTURE PLANS

Summary

The 2019/20 Season ran from 16 September 2019 until 16 March 2020 when, in common with theatres across the country, the Royal Opera House was forced to close to limit the spread of Covid-19. The pandemic had an immediate effect on our ability to deliver our core activities of live performance, learning and participation, and artist development. In turn, 60% of our income disappeared, with a serious impact on our finances.

We have set out above what we achieved during the period, despite the pandemic, and the actions we took to mitigate the impacts. But we remained optimistic throughout that, eventually, the crisis would abate, and our future plans reflect that.

In 2020/21, our focus has been to perform when we can, continue to provide our audience with the ability to connect with us digitally, all whilst trying to save money and conserve cash. In 2021/22, we expect to begin a 'reawakening phase' before a 'recovery phase' the following year.

2021/22: The 'reawakening phase'

In brief, thankfully, with the vaccine being rolled out and a roadmap out of lockdown having been put in place, we opened our doors again on 17th May to restricted numbers of in-venue audiences (launching a 'reawakening' phase) and our planning assumption is we will be able to open more fully in September (beginning the 'rebuilding' phase), all subject of course to government guidance at the time.

We have just announced our early plans for our 2021/22 Season, the first full ROH Season since 2019. There will be 11 new productions, with five world premieres and 20 revivals. Full season details will be announced on 1 June and highlights include:

- **New ballets:** Wayne McGregor's *The Dante Project* and *The Dark Crystal* and Christopher Wheeldon's *Like Water for Chocolate*
- **Classic ballets:** *Giselle*, *The Nutcracker* and *Swan Lake* as well as works by Frederick Ashton and Kenneth MacMillan's *Romeo and Juliet*
- **New opera productions and commissions:** new productions of *Rigoletto*, *Jenůfa*, *Theodora*, *Peter Grimes*, *Samson & Dalila* and the world premiere of *The Blue Woman*, by composer Laura Bowler and librettist Laura Lomas, for the Linbury
- **Classic operas:** revivals of *Nabucco*, *Tosca*, *Otello* and *La Traviata* with world class, and increasingly diverse casts

We are reviewing and updating all our departmental plans and from a financial perspective, we are working towards ROH's operating position returning to a sustainable break-even position from the 2022/23 Financial Year.

2019/20: Risk Management approach

During the period the Trustees have operated a risk management strategy which comprises:

- Review and assessment by the full Board of Trustees of the risks which the charity may face and the approach to risk management.
- The establishment of systems and procedures to mitigate those risks identified.
- Detailed review by the Audit and Risk Committee of strategic and operational risks, including Health & Safety, the Major Incident Plan and Technology and Data Security matters.
- Procedures designed to minimise any potential impact on the Charity should any of those risks materialise.

The governance and management of risk is divided between **Strategic risk** and **Operational risk**.

Strategic risk is reviewed by the Executive at meetings regularly throughout the year and is linked to the ROH Plan. The Executive considers each risk against its agreed risk appetite and reviews existing mitigations and planned actions. Operational risk is reviewed and updated by the Operational Risk Group which normally meets quarterly and operates under clear terms of reference. During the year, the meeting frequency was adapted due to the impact of Covid-19. The membership of the Operational Risk Group is made up of senior managers from across the Royal Opera House with representation from Technical, Finance, Business Affairs, Facilities, Human Resources, Information Technology, Health and Safety and the Opera and Ballet Companies. The Director of Finance attends the Operational Risk Group meetings and a regular report is produced and discussed with the senior executive.

In dealing with the impact of Covid-19, the Board and the Executive met more frequently to discuss the strategic risks faced by the organisation, and to understand and consider how the pandemic was affecting our business operations, our risk and control environment and to assure themselves of the adequacy of controls and mitigations in place.

Strategic Risks

The Covid-19 pandemic is the most significant risk impacting the Royal Opera House in its recent history. The rapid spread of Covid-19 caused governments to implement policies to restrict travel, close businesses and enact social distancing rules to prevent the spread of the virus. These measures have resulted in a slow down to the economy and significantly altered the working lives of the Royal Opera House employees, audiences and key service providers resulting in disruption to our business, cashflow and reserves.

In response to the unprecedented challenge that the pandemic caused, the organisation responded quickly to ensure the continued operation of the business. Since the Opera House closed on 16 March 2020, key employees have been working remotely and a significant number of employees were furloughed, subject to operational requirements, to take advantage of the Coronavirus Job Retention Scheme which is due to finish at the end of September 2021. Action was taken to reduce cashflow requirements and maintain sufficient liquidity. To ensure the long-term sustainability of the business a significant restructure was implemented in the last quarter of 2020 and the Royal Opera House were successful in applying for a loan from the Government's Culture Recovery Fund.

In August 2020 the government relaxed rules related to live performances in England allowing them to happen if social distancing rules were followed and subject to local restrictions if applicable. From September 2020 the Royal Opera House delivered performances and events with live audiences attending, albeit with much reduced capacity than usual, which then ceased following the further lockdown from December 2020.

The organisation continues to monitor and take necessary actions to ensure we come through this period with sufficient reserve levels to operate.

Other strategic risks are listed below:

| | | |
|---|--|---|
| 1 | Cost Control & Earned Income | Inability to deliver planned programme, in turn impacting our ability to secure related revenues and achieve a balanced financial outturn. Caused by poor planning and prioritisation, failure to plan for equipment needs, pressure on salaries and fees, reduced customer spend and reduced philanthropy. Mitigated through an overall framework and governance for balancing priorities and change programmes, three-year budget process, resource management, robust pricing strategy, informed and effective fundraising strategy, including Recovery campaign and strong stakeholder relations. |
| 2 | Health, safety and physical security | The risks inherent in theatre production and presentation (e.g. working at height, noises, chemical, manual handling), combined with the challenges of operating a busy public venue and the potential for a terrorist attack on London. Mitigated through a robust management and governance structure for safeguarding, safety issues and reporting, staff training and awareness raising, investigation of near misses and incidents, and by drawing on specialist external support as required. |
| 3 | Capacity to deliver ROH programme | Failure to marry our increased organisational and artistic objectives with sufficiently robust support, planning systems and decision making structures. Mitigated by alignment of plans and ambitions with rigorous planning processes, integrated change planning and continuous reviews of systems and processes. |
| 4 | Technology or equipment failure | Cancellation of performance or loss of customer data or business information as a result of systems failures or cyber attack. Mitigated by a robust testing regime, training and planned investments supported by external expertise as required. |
| 5 | Public investment via Arts Council England (ACE) | Misalignment between ROH priorities and ACE strategy, including Investment Principles, breach of funding agreement and/or a drop in public investment in arts, ballet or London. Mitigated through presentation of an outstanding programme, delivered across a variety of platforms, that seeks to place opera and ballet in a broader cultural context, through national Learning and Participation programmes, through measures to increase the diversity of new and underrepresented artists, workforce and audiences, and through collaborations that strengthen the wider sector. |
| 6 | Reputation of ROH | Perceived drop in innovation investment, artistic quality and access to talent, or association with an individual or organisation whose reputation becomes damaged, impacting all income streams and our ability to attract talent. Mitigated by balanced programming, clear processes for sharing production concepts, advocacy activity, and ROH Values and Behaviours. |
| 7 | Access to creative talent | Inability to attract and work with exceptional talent to deliver a high quality programme owing to insufficient/inadequate training pathways, inability to pay competitive fees and salaries, Covid-19 travel restrictions, post-Brexit visa regime, reputational concerns or reduction in range of repertory. Mitigated by a range of talent development initiatives, creative and workforce diversity strategies, fair pay, advocacy on employment issues and a multi-layered staff engagement programme. |

Trustees' duty to promote the success of the Charity – Section 172 Statement

Section 172 of the Companies Act 2006 requires the trustees to act in the way they consider, in good faith, would be most likely to promote the success of the charity to achieve its charitable purposes.

The Companies Act 2006 requires The Royal Opera House, as a large company, to report on how trustees have complied with Section 172 and other linked matters.

Section 172: the Trustees must promote the success of the charity to achieve its charitable purposes by having regard to:

(A) The likely consequences of any decision long term

The ROH Plan was approved by the Trustees in late 2017 and set out four priorities and the actions and performance indicators for each over the period 2018-22. At the end of 2018/9 Trustees together with the executive team reviewed progress against the ROH plan, reflected on the context in which the ROH is operating, updated the priorities and refreshed plans and performance indicators for 2020-22.

These four priorities (which are elaborated on elsewhere in this report) are:

- Artistic Excellence
- Opening Up
- Revenue Growth
- Organisational Health

All the decisions made by Trustees are predicated on the desire to achieve these long term aims. The needs of all our beneficiaries: our current and future audiences as well as the many participants in our educational programmes as well as our other key stakeholders: our employees, our freelancers, the Arts Council England and donors, are vital to the success of our strategic plans.

Trustees also keep under review the charity's principal risks and opportunities and ensure that our plans can adapt to respond to changes as required. These are set out on pages 29 to 30 of this report.

Trustees responded to the Covid-19 Pandemic by formulating a four-pronged plan for recovery: a programme of restructuring and staffing cuts, reducing costs wherever possible; a fundraising campaign; support from Government; and realising such value as we were able to from our assets. In addition, Trustees approved a full digital programme with many free to air streams as well as live-streamed performances and archive recordings and a full programme of educational content whilst home schooling was continuing.

(B) The interests of the Charity's employees

The Trustees recognise that it is the extraordinarily committed staff and artists that make the Royal Opera House such a remarkable institution. Considering and protecting their interests is crucial to the success of the ROH and our decision-making processes take into account the impact of potential decision on our staff and artists.

Over the period of this report Trustees and management implemented a number of audits including health and safety as well as training on mental health, security and safeguarding.

The ROH recognises three trade unions with whom we work closely and consult with on key aspects of ROH operations. The unions were closely involved in the restructuring programme and redundancies that were necessitated by the Covid-19 pandemic.

(C) The need to foster the charity's business relationships with suppliers, customers and others.

It is important for the ROH to ensure that we engage with our customers whether they are audiences in our theatre or the participants in our Learning and Participation programmes or simply those who visit the ROH. The Executive team regularly receives information on the audience feedback as well as detailed feedback from teachers and other educational participants. The ROH also communicates with our audience and those who are part of our membership programmes with targeted information according to their preferences whilst at the same time being mindful of data privacy concerns.

Our procurement function ensures that we deal with suppliers fairly and in a professional manner. We also develop strong working relationships with key suppliers who are able to work with us to best support and

maintain our unique building.

(D) The impact of the charity's operations on the community and the environment

Trustees and Management recognise that sustainability and the environment are at the centre of our activities and currently we are working towards a sustainability plan that will be implemented at all levels of the ROH. This is set out on pages 25 to 26. The ROH also works with both our local community but also communities elsewhere in the UK. We have local programmes in Thurrock as well as in Doncaster where we aim to foster community engagement with our artforms.

(E) The desirability of the charity maintaining a reputation for high standards of business conduct

The trustees recognise both that the ROH's reputation is critical both to its success but that we also have an obligation to maintain the highest standards given our position in the UK arts and charity sectors. To that end the trustees have adopted the Charity Governance Code.

There are a number of policies in place to promote corporate responsibility as well as ethical behaviour including anti-fraud and bribery, modern slavery, safeguarding, conflicts of interest, bullying and harassment, as well as donation and income acceptance. Summaries of all these policies are available on the ROH website and full versions are available on request.

The ROH Values and Behaviours referred to previously underpin our recruitment and induction processes. Our procurement strategy embeds ethical standards in our supply chain as well and health and safety and safeguarding compliance.

(F) How trustees have engaged with other stakeholder, eg service users, beneficiaries, funders and the wider community

We have outlined elsewhere in the report and in this statement how we engage with suppliers, employees, the wider community, customers and other users.

Our donors are a critical part of our success and this has been especially true in the last year when we have had to call on them to help support our recovery plan. We continue to actively engage with all our donors at all levels. We receive significant funding from the Arts Council England (ACE) and it is an essential part of our financial wellbeing. We have a strong working relationship with ACE and keep them regularly informed on all aspects of our activities.

(G) The need to act fairly as between members of the Charity and how directors/trustees have engaged with employees and taken account of their interests

We want to make sure we are able to attract and develop talented people who bring more, precisely because of the breadth of their different backgrounds, experiences, cultures and outlooks.

Recruiting and working with those talented people is just part of the work. We know that we need to create an environment where everyone believes they belong and can do their best work. Achieving inclusion requires inclusive leaders with the ability and desire to continually seek feedback, really listen and then act to establish a culture where difference is genuinely valued. We commit to regularly measuring our progress, holding our leadership team accountable for achieving our goals but we acknowledge that we must learn as we go. We are far from perfect and have a lot to do.

Equality, Diversity and Inclusion

Our EDI commitments fall under six themes: Representation, Talent Pipelines, Individual Voices, Authenticity, Access and Governance.

- REPRESENTATION - Our stages and events will better reflect and celebrate a diversity of communities and experiences
- AUTHENTICITY - We will engage more proactively with communities to ensure that our portrayals of diverse cultures are respectful and authentic
- TALENT PIPELINES - We will do more to attract and nurture wider talent pools, particularly in those areas of our work where gender, ethnic diversity and disability are currently under-represented
- INDIVIDUAL VOICES - We will respect everyone as individuals and ensure equal access to the support needed for people to perform at their best. We will be sensitive to different lived experiences and will seek and listen to different cultural perspectives
- ACCESS - We will do more to improve the access to and visibility of our work to communities who have historically had less engagement with our artforms and remove or reduce any practical barriers to access for our audiences and workforce
- GOVERNANCE - We will do more to develop the skills required to lead our EDI work with cultural competence and confidence, and ensure we have effective policies and procedures in place to support our values and behaviours:

Monitoring Progress

The Royal Opera House Board of Trustees and Executive Team are responsible for the delivery of this strategy. Assessment of our success will be data driven, and high-level KPIs for EDI have been embedded in the ROH Business Plan. Transparency with staff on our plans and progress is key. We will consult with the Staff Diversity and Inclusion Network before this strategy and future updates are finalised and will report back formally to staff twice a Season. This strategy will next be formally updated in September 2022.

A summary of the strategy will be available publicly on the ROH website.

Finance and Governance

The Royal Opera House strives to present an ambitious programme of work while balancing its books on unrestricted general funds in each full financial year.

The results for the period are set out in the consolidated statement of financial activities. Note 1 to the financial statements sets out the basis on which these financial statements have been prepared.

The ROH's business plan includes a set of outcomes and related KPIs, agreed with the Executive team and Board of Trustees. Linked to a detailed action tracker, the KPIs included: the level of new work being generated; public engagement across performances, digital activity and learning and participation initiatives; diversity of audiences, participants, staff and artists; results against budget; and environmental performance. Performance against the KPIs is reviewed in detail at the end of each year. Progress with the action tracker is reviewed by the full Executive team every 3-4 months. During 2019/20, the pandemic severely impacted the KPIs, so monitoring of the previously established KPIs was suspended. More crucially, frequent regular reporting of cashflow and savings was a priority.

In addition, the Board of Trustees and Arts Council England receive Management Accounts on a monthly basis, enabling them to closely monitor progress against financial targets throughout the year.

The important continuing investment from Arts Council England enables the undertaking of a range and depth of work and investment in new work, artist development, craft excellence, engagement and access which could not be sustained otherwise.

As a National Portfolio Organisation (NPO), a grant of £24.2m (*52 week period ended 25 August 2019: £24m*) was received from Arts Council England, representing 25% of total (unrestricted) income (*52 week period ended 25 August 2019: 19%*). The Royal Opera House is one of only four National Portfolio Organisations to be awarded funding from Arts Council England to lead the Bridge programme for Bedford Borough, Central Bedfordshire, Luton, Hertfordshire, Essex, Thurrock, Southend, Dartford, Gravesham, Swale and Medway. Funding of £0.7m was received in the current year (*52 week period ended 25 August 2019: £0.7m*).

It was an extremely challenging year for the organisation financially and the charity was able to manage through careful financial stewardship: in responding to the pandemic, managing the Arts Council grant with no trading income from mid-March 2020, continued support from our donors and supporters, combined with government support through CJRS (Coronavirus Job Retention Scheme) and savings from pay reductions for all staff and other cost reductions.

Excluding income within the Endowment, fundraising income targets of £29.1m (*52 week period ended 25 August 2019: £28.1m*) were set against fundraising activities in the development department for the period and these were met with funds raised of £31.1m (*52 week period ended 25 August 2019: £29.3m*).

Our trading subsidiary, Royal Opera House Enterprises Limited, recorded an operating profit before tax of £1.9m for the 53-week period ended 30 August 2020 (*52 week period ended 25 August 2019: £4.5m*). This decrease in operating profit is attributable to the closure of the Opera House due to Covid-19 on 16 March 2020. On 3 September 2018, the trading subsidiary entered into an agreement to sell the trade and assets of Opus Arte, the trading name of the recording label. This has not been shown as a discontinued operation as the activity is not considered a significant line of business for the consolidated organisation. The effective date of the transaction was 31 October 2018 and a profit on the disposal of £2.3m was recorded.

The overall result for the group unrestricted general funds was a decrease on the Unrestricted general funds of £0.1m (*52 week period ended 25 August 2019: £0.1m increase*) after transfers from Restricted funds of £2.0m (*52 week period ended 25 August 2019: £2.5m*) and net transfers from Unrestricted Designated funds of £8.0m (*52 week period ended 25 August 2019: net transfers from Unrestricted Designated Funds of £4.6m*). Refer to Note 17 on pages 81-82 for details.

At 30 August 2020 unrestricted funds were £211.8m (*25 August 2019: £223.7m*) before Unrestricted pension reserve deficit of £36.3m (*25 August 2019: £28.4m*). There is £199.7m (*25 August 2019: £207.8m*) held in Unrestricted Designated funds and a further £7.7m (*25 August 2019: £11.4m*) held in Unrestricted Revaluation funds.

At the end of the period Restricted fund balances were £13.1m (*25 August 2019: £14.1m*). For further details refer to Note 28. At the end of period the Endowment fund balance of £43.4m (*25 August 2019: £43.6m*) is represented by restricted capital assets of the Royal Opera House Endowment Fund 2000.

The Royal Opera House group held positive cash balances throughout the period. Unrestricted cash, including unrestricted cash with a notice period of more than 3 months, held at the period end was £22.4m (*25 August 2019: £33.0m*), with no advance bookings held at the period end (*25 August 2019: £9.8m*), required to meet the charity's working capital requirements and reserves. This decrease in overall cash balances was a direct result of the impact of the pandemic on the charity during the 2019/20 financial year.

Reserves

The Trustees regularly review reserve levels, and designated the following amounts at the period end:

- Fixed Asset and Heritage Asset funds, of £184.9m and £9.1m respectively, equivalent to the tangible and intangible fixed assets owned by the charity, plus the current anticipated excess of capital expenditure over depreciation in the next season.
- Designated Future Project Fund of £5.6m. This fund comprises specific amounts put aside for future activity, which includes a fund of £1.4m (*25 August 2019: £7.1m*) toward the planned investments in key technical infrastructure.

The level of free reserves (represented by the Unrestricted General fund) at 30 August 2020 of £4.4m (*52 week period ended 25 August 2019: £4.5m*) equates to only 3.6% of total unrestricted incoming resources. The Trustees agree that a higher level of reserves is desirable in order to protect against a reduction in box office and fundraising income, economic uncertainties, unforeseen events and any further reductions in public funding. The Trustees review the level of free reserves annually, and considering the financial model of the charity, core expenditure and levels of cash held in advanced bookings, have determined that a target level of free reserves of £10m is appropriate, and this has been the target for the last several years. However, Trustees acknowledge that any increase to free reserves over the next two to three years will be unlikely due to both the impact of the Covid-19 pandemic and to the identified needs for the programme of major capital works. As the financial strategy is to budget for a minimum £2m contingency in annual budgets, while building designated funds for specific future, longer term planning, the Trustees will also consider increases to the free reserves when possible in order to make progress towards the £10m target.

The total funds held at 30 August 2020 was £232.1m (*25 August 2019: £253.1m*). The designated Future Projects Fund is likely to be spent in the next two years, in line with our forward planning assumptions.

Levels of unrestricted funds, both current and forecast, are monitored closely to ensure they remain at an adequate level in order to provide financial flexibility and a buffer against operational risk.

Pension scheme

In line with the requirements of FRS 102 S28 'Employee Benefits', the Royal Opera House defined benefit Pension Scheme liability and related costs are included in these financial statements. Within the Statement of Financial Activities employer contributions as determined by the actuary are recorded as an operating cost in the unrestricted general fund. The difference between contributions paid and the cost / (credit) in profit or loss charged to the statement of financial activities in accordance with FRS 102 was a loss of £0.4m (*52 week period ended 25 August 2019: £0.3m*) (refer to note 32 of the financial statements). The actuarial loss, net of actual return less interests on plan assets for the period was £7.6m (*52 week period ended 25 August 2019: £8.4m*). The gross pension liability at the period end was £36.3m (*25 August 2019: £28.4m*), with the increase from the prior period driven by the increase in the discount rates used, a change in the post-retirement mortality assumption and asset returns in excess of the discount rate, all as part of the actuarial assumptions. It is important to note that the liability represented by this value (being based upon actuarial assumptions) will alter in response to changes to the future funding and structure of the pension scheme (as well as to economic and investment market conditions) and does not crystallise in the short or medium term.

Investment powers and policy

Under the Memorandum and Articles of Association, the charity has the power to invest funds not immediately required for its purposes in such investments, securities or property as may be considered appropriate by the Trustees. Aside from balances held with the Royal Opera House bankers, Coutts & Co. monies are only invested in funds that are regulated by the FCA.

The Trustees of the Royal Opera House Endowment Fund 2000 have no restrictions on their investment powers and are permitted to invest and reinvest the Trust Fund, providing the objectives and purposes of the charitable fund are met, and subject to such consents as may be required by law.

The Trustees reviewed and agreed an Investment Policy in line with the Charities Commission Guidance CC14. This is not shown in full in the accounts but a summary of the key investment objectives are as follows:

- Generate investment income to maximise the grant income available to support the Royal Opera House Covent Garden Foundation;
- Deliver capital growth, as well as income, to maintain the real value of investments for future years;

To achieve the above objectives the Trustees have set the investment benchmark of a blended return of CPI +3.5% on a rolling basis, (net income 1.5% and capital return of CPI+2%).

The investment managers, Stonehage Fleming Investment Management Limited, Troy Asset Management Limited and Newton Investment Management Limited, achieved a combined capital growth and income return net of investment management fees of 0.79% for the year ended 31 August 2020 (Year ended 31 August 2018 7.07%). The return for 2020 did not exceed the blended target of CPI plus 3.5% (3.7%). Investments with Stonehage Fleming which are long term in nature are being progressively wound down.

Financial Risk Management

The following statements summarise the Board's policy in managing identified forms of financial risk.

Credit Risk: Risk on amounts owed to the charity by its customers is low as payment for ticket sales and operations through the trading subsidiary are mostly settled at the point of purchase.

Price risk: Payroll costs represent 50% of total expenditure for the Royal Opera House and higher levels of inflation represent a risk also as 21% of the total income for the Royal Opera House group comes from Arts Council England. The Royal Opera House has freedom over its ticket pricing, and box office income represents 24% of revenue. The pricing strategy aims to hold the lowest ticket price at an accessible level.

Cash flow risk: Excluding Endowment assets, surplus funds are placed on short-term deposits with major clearing banks and CCLA. Short-term deposits are those with a term no greater than six months.

Liquidity risk: The Royal Opera House has one loan with an outstanding loan balance for the year ended 30 August 2020 of £1.4m. Risk on repayment of loans is low as the annual loan payment is 0.1% of total income and the property for which the loan was secured is mortgaged against the loan.

Going Concern

The Trustees must satisfy themselves as to the Royal Opera House's ability to continue as a going concern for a minimum of 12 months from the signing of the financial statements. The Board of Trustees reviewed possible options in its assessment of going concern by considering whether, in the face of several challenging yet plausible scenarios identified as a result of COVID-19, the Royal Opera House had adequate resources to meet its obligations as they fall due in and beyond the 12 months from the date of approval of these financial statements.

The Covid-19 pandemic developed rapidly in 2020 and continues to have a significant impact on our operations at the date of the audit report. Measures taken by governments, primarily the UK government, have affected economic activity and the group's activities in various significant ways:

- Due to UK government restrictions the Royal Opera House, along with many other theatre venues, has been closed to the general public since mid-March 2020 which has affected the following key areas
 - Our ability to put on live productions in the Royal Opera House's varied performance spaces has been significantly affected
 - Our ability to use the Royal Opera House and its performance programme for commercial use such as retail, catering, venue hire, sponsorship, advertising etc has been greatly reduced
 - Memberships from friends and patrons has been impacted as a result of the reduced performance programme
- Our global cinema programme has been impacted by government restrictions across the world concerning entertainment venues as well as the impact of uncertainty on customer demand for cinema screenings

From the beginning of the pandemic, financial modelling was undertaken by the executive and on an ongoing basis discussed with the Board. This modelling has guided the executive to take a number of actions, such as reducing costs, to optimise cash flow and reserve levels. The Board reviewed and challenged the appropriateness of the scenarios modelled, and all decisions that could affect the well-being of employees. The scenarios are based on the potential financial impact of the Royal Opera House's specific risks associated with COVID-19, namely the closing of the Royal Opera House in Covent Garden and the impact of social distancing on attendance and occupancy rates once the industry can ease restrictions and the Opera House can safely reopen.

Several scenarios have been considered over the course of the pandemic. The scenario felt to be most plausible at the time of signing the Annual Report has the Opera House not re-opening fully until September 2021, and until then only performing breakeven productions to either a live audience following current performance guidelines and / or streaming of performances through various media channels. A performance schedule has been identified for this scenario with assumptions for occupancy rates, and the subsequent impact of those on all areas of the Opera House. The Trustees are confident that these risks have adequate mitigation to ensure the ROH remains a going concern.

After the closure of the Opera House a four point plan for recovery was devised which comprises an organisational restructure to save costs, the sale of certain heritage assets, a recovery fundraising campaign and an application to the Government's Cultural Recovery Fund. At the date of approving these financial statements the Trustees can confirm that the portrait of Sir David Webster by David Hockney was sold from the ROH heritage asset collection. Christie's were appointed to sell the painting and ahead of the auction date an independent third party guarantee was secured. The painting sold for £11.275m in a public auction in October 2020. The sale estimate from Christie's was £10-12m and the price realised (hammer price plus buyer's premium net of applicable fees) was £12.865m. In late November 2020, the buyer at auction was publicly announced as the former ROH Chair of Trustees, David Ross. In conclusion, the recovery fundraising campaign has started well, the Government's Cultural Recovery Fund has offered a long term loan of £21.7m, and the cost saving organisational restructure of staffing was completed as at 1 December 2020.

Underlying assumptions were updated as the pandemic progressed and more information was released by the government to the public. As of 25 May 2021 the ROH is able to put on some performances and events to the public whilst ensuring social distancing guidelines are followed. Considerations for the season planned for 2021-22 include a reluctance for audiences to return to theatres which we have reflected in a reduced financial capacity, and not returning to the pre-COVID levels until the end of the 2022-23 season. Although the full impact of the pandemic is difficult to assess with certainty, the current information available leads management to believe that the scenarios are reasonable. In particular, an extreme and highly unlikely scenario was modelled on the assumption that the Opera House would remain closed for the foreseeable future – even in this implausible situation, ROH could expect to remain a going concern.

After consideration of the scenarios and the impact of the four point plan for recovery, the Trustees consider that the Royal Opera House (Group and Parent Charitable Company) has adequate resources to continue in operational existence for the foreseeable future being a minimum of twelve months from when these financial statements are approved. For this reason the financial statements of the Group and Parent Charitable Company have been prepared on a going concern basis.

ACKNOWLEDGEMENTS

We would like to express our heartfelt thanks to the following companies who worked with us during 2019/20:

Acosta Danza
Active Suffolk
Active Fusion
AHRC Creative Economy Programme
Albany Deptford
Amala Dianor
Argent
Arts Council England
Art 4 Thinking
Ballet Black
Bang & Smash Music
Bavarian State Opera, Munich
BBC: BBC FOUR, BBC Radio 3, Proms Learning, Bitesize
Birmingham Opera Company
Birmingham Royal Ballet
Blackheath Halls
Blackpool Grand Theatre
Black Ticket Project
Breakin' Convention
Bridge Organisations: Artsworld, Arts Connect West Midlands, Curious Minds, Norfolk and Norwich Festival
Bridge, The Mighty Creatives, Real Ideas Organisation, Tyne and Wear Archives and Museums
British Underground
Brit School
Candoco Dance Company
The Camden Society
Cast
CARVE CoLAB
Central and Cecil Care Home
Challenge 59
Cheshire Dance
ChickenWired
CHROMA
C.I.C.T. – Théâtre des Bouffes de Nord
City Lit Adult Education College
Coalhouse fort
Complete Commedia Co
Confidance
Creative Blast
Dance schools: Dance2Drama, Anthony Clifford Dance Studios, Essex Dance Theatre, Junior Masters, Elite Performing Arts Academy, JVS Performing Arts, Walsall Dance Academy, Dance2gether,
Dancer Development Fund
Dance Umbrella
Debut
Deda
Digital Catapult
Doncaster College
Doncaster Council
Doncaster Creates
Dutch National Ballet
Dutch National Opera
English Touring Opera
ENOA (European Network of Opera Academies)
Figment

Firstsite
Flexer & Sandiland
Focal Point Gallery
FranceDance UK
Full House Theatre
Gamelan Anak Ledjar
GUAP
Guildhall School of Music and Drama
Historic Royal Palaces: Hampton Court and Kensington Palace
High House Production Park
Improbable
Inclusion London
Innovate UK
Inspire +
Into Film
Irish National Opera
Juniper Education
Kinetika
Kings College London
La Monnaie/De Munt Brussels
Lea Academy Trust
Le Cercle des Partenaires des Bouffes du Nord
Le Ballet de l'Opéra national du Rhin
Lewis and Murphy
Lincoln Center for the Performing Arts, Inc, New York
Lincolnshire Inspires
Local Cultural Education Partnerships in: Coventry, Stevenage, Stoke, Tendring, Thurrock and North Kent
London Handel Festival
London Handel Orchestra
London Sinfonietta
The Lowry
LV21
Magpie Dance
MEH Doncaster
Merce Cunningham Trust
Mousetrap projects
MS Society
Music For Change
Music Education Hubs in: Berkshire, Blackpool, Bristol, Bury, Camden, Cornwall, Devon, Ealing, Essex, Gateshead and South Tyneside, Harrow, Hertfordshire, Hillingdon, Houslow, Hull, Oldham, Lancashire, Lincolnshire, Manchester, Milton Keynes, Newham, Northumberland, Nottingham, Rotherham, Sefton, Sheffield, Somerset, Stockport, Surrey, Tees Valley, Thurrock, Torbay, Tower Hamlets, Wigan, Wiltshire
Music Theatre Wales
NACRO
National College for Creative Industries
National Gallery
National Opera Studio
National Theatre
National Trust
New English Ballet Theatre
Northern Ballet
NSEAD
One Dance UK
Open Network
Opéra de Lille

Opéra national de Paris
Opéra de Rouen Normandie
Opera for Peace
Opera North
Parents in Performing Arts
Pride London
PRS Foundation
Punchdrunk
Pyramid Arts Centre
Rainham Hall
Rambert
Rendered Retina
REMIX
Root Interactive
Royal Court Theatre
The Royal Ballet School
Royal Birmingham Conservatoire
Royal Conservatoire of Scotland
Royal Holloway London
Royal Shakespeare Company
School Sports Partnerships in: Barking and Dagenham, Bolsover, Cheshire, Cheshire West, Derbyshire, Erewash
Shape Arts
Shubbak Festival
Signals
Sino-UK Performing Arts Skills Exchange
Sheffield Hallam University
SOLT and UK Theatre
Southbank Centre
Southbank Sinfonia
South Essex College
Sound Intermedia
SparkedEcho
STEAM Co
Stonewall
St Mary's University
Surrey Music Hub
Teatro Massimo Palermo
TheatreCraft
Theatre National de Chaillot
THINK Film
Thurrock Community College
Thurrock Libraries
Thurrock Museum
Tonic Theatre
Tower of London
Trestle
Trinity Laban
Unity
University Musical Society of the University of Michigan, Ann Arbor
University of London
University of Wolverhampton
V&A
Virtual Umbrella
Visualise

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 480523.
Trustees' report and consolidated financial statements. 53 week period ended 30 August 2020.

Volksopera Wien
Woman's Aid

STRUCTURE, GOVERNANCE AND MANAGEMENT

Directors and Trustees

The directors of the charitable company ('The Royal Opera House' or 'the charity') are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees. The Trustees who held office during the period and since period end were as follows:

Ian Taylor (Chair - retired 10th December 2019)
Lady Heywood (Acting Chair – appointed 10th December 2019, retired 1st September 2020) (Deputy Chair – retired 10th December 2019, appointed 1st September 2020) (Senior Independent Director – retired 10th December 2019)
David Ross (Chair – appointed 1st September 2020, retired 13th May 2021)
Sir Simon Robey (Chair – appointed 14th May 2021)
Zeinab Badawi (appointed 8th October 2019)
Lord John Browne (appointed 1st September 2020)
Tim Bunting
Kirsty Cooper
Dr Genevieve Davies
Sir Lloyd Dorfman CBE
Dame Vivien Duffield
Susan Hoyle OBE
Sir Nicholas Hytner
Sir John Kingman (appointed Acting Senior Independent Director 10th December 2019)
Julian Metherell
Munira Mirza (retired 10th December 2019)
Paul Morrell OBE
Indhu Rubasingham (appointed 1st September 2020)
Chris Townsend OBE (appointed 1st January 2021)
Laura Wade-Gery (retired 1st January 2021)
Roger Wright CBE
Danny Wyler

Chief Executive

Alex Beard CBE

Company Secretary

Leah Hurst (appointed 8th October 2019)
Ivan Daffern (retired 8th October 2019)

Governing Document

The Royal Opera House Covent Garden Foundation is a company limited by guarantee (company number: 480523) governed by its Memorandum and Articles of Association, which were last amended on 7 July 2017 for changes in Trustee re- appointment terms. It is registered as a charity at the Charity Commission (charity number: 211775).

Charitable objects

Our charitable objects, as stated in the Royal Opera House governing document, 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, to raise the artistic taste of the country, and to procure and increase the appreciation and understanding of the musical art in all its forms. The achievement of our aims as listed in the pages above (p11-p26) enable us to fulfil our charitable objects and therefore our legal purpose.

Public benefit

The Trustees refer to the Charity Commission's general guidance on public benefit when shaping and reviewing the Charity's aims, objectives and future strategies. In setting the level of ticket prices, charges and concessions, and in developing digital and broadcast distribution, the Trustees give careful consideration to the accessibility of the Royal Opera House to those on low incomes. As outlined in this report, this is addressed through maintaining a wide range of ticket prices, as well as through several ticket subsidy schemes, free events, digital and broadcast activity and an extensive learning and participation programme.

Appointment of Trustees

Trustees are appointed for an initial term of up to four years and are self-appointing. The Nominations and Remuneration Committee has delegated authority to recruit Trustees who are formally elected at Board meetings, and ratified at the next following Annual General Meeting of the Company. On the expiry of such initial term they may be re-appointed for additional terms expiring on or before the financial year end following either the second or fourth anniversary of the date of re-appointment. No Trustee shall be appointed for a term exceeding twelve years. The Trustees appoint a Chair for a term of five years or less and on expiry of such term he or she may be re-appointed for a second term of three years or fewer by approval of the Trustees provided that on expiry of such second term he or she shall, unless the Trustees otherwise exceptionally determine, retire from office. The Nominations and Remuneration Committee reviews regularly the structure, size, composition, diversity and succession needs of the Board, ensuring that the Board has the required blend of skills and experience and its remit is to identify, assess and formally recommend to the Board candidates for appointment as Trustees.

Trustee Induction and training

New Trustees undergo an induction session with the Company Secretary to brief them on their obligations under charity and company law, the contents of the Memorandum and Articles of Association, the board manual and the committee and decision-making processes. During the induction new Trustees are also introduced to key employees and other Trustees.

Organisation

The direction and control of the Royal Opera House is determined by the Board of Trustees, which meets at least six times a year. The role of the Board is to direct the Royal Opera House strategy and to ensure that the Royal Opera House is on the approved strategic course (including artistic strategy) and that it is properly and effectively managed. The following sub-committees of the Board are established (which in the case of Development and Learning and Participation, include members who are not Trustees).

Audit and Risk: The committee meets at least three times a year. The committee is chaired by Julian Metherell. Other members are Kirsty Cooper, Lady Heywood, Sir Nicholas Hytner, Sir John Kingman, Paul Morrell, Ian Taylor (retired 10th December 2019), Laura Wade-Gery (retired 1st January 2021) and Danny Wyler. Alex Beard, Mindy Kilby (Director of Finance) and Heather Walker (Director of Operations), report to all meetings. The committee is responsible for considering and reviewing matters relating to the control environment, including internal audit, health and safety and risk management, including consideration of matters raised by the external auditors. The committee is responsible for the appointment of the external auditors, meets regularly with them and reviews their performance and independence.

Finance and Operations: The committee meets six times a year. The committee is chaired by Lady Heywood. Other members are Lord John Browne (appointed 26th February 2021), Sir Lloyd Dorfman CBE, Sir Nicholas Hytner, Sir John Kingman, Julian Metherell, Paul Morrell OBE, Ian Taylor (retired 10th December 2019), Laura Wade-Gery (retired 1st January 2021) and Danny Wyler. Alex Beard, Mindy Kilby (Director of Finance) and Heather Walker (Director of Operations), report to all meetings. The committee is responsible for reviewing and assessing the balance, integrity and transparency of financial information, the adequacy of financial planning, budgeting and forecasting, and the Royal Opera House's annual financial statements. It makes recommendations to the Board on major capital expenditure and revenue contracts and on the overall framework for delegated financial authority in the Royal Opera House.

Development: Ian Taylor chaired this committee until his resignation on 10th December 2019, when Danny Wyler assumed the chair. Other members are Ian Andrews (retired 31st August 2020), Roger Barron (retired 26th November 2019), Tim Bunting (appointed 5th November 2019), The Countess of Chichester, Nicola Davidson

(retired 4th May 2021), Dr Genevieve Davies (retired 19th November 2019), Dame Vivien Duffield (appointed 3rd December 2020), Lady Heywood (appointed 22nd January 2020, retired 1st September 2020), Simon Holden (retired 20th November 2019), Martin Houston (retired 20th November 2019), Robert Kalf, Sophie Lecoq (retired 26th November 2019), Thomas Lynch (died in post November 2019), Julian Methereil (retired 6th December 2019), Paul Raphael (appointed 22nd June 2020), Sir Simon Robertson (retired 5th November 2019), Sir Simon Robey (appointed 14th May 2021), Kristina Rogge (retired 28th November 2019), Dame Gail Ronson, David Ross (appointed 1st September 2020, retired 13th May 2021), John Singer (retired 13th December 2019), The Earl of Snowdon, Natasha Tsukanova (retired 30th November 2019), Andrew Walton and Lady Young of Graffham. Alex Beard and Amanda Saunders (Director of Development and Enterprises) report to all meetings. The committee supports the Development department in maximising fundraising opportunities and income.

Donation and Income Acceptance (formerly Ethics): Ian Taylor chaired this committee until his resignation on 10th December 2019. Lady Heywood assumed the chair from 10th December 2019 until 1st September 2020, when David Ross assumed the chair. David Ross retired on 13th May 2021, and Sir Simon Robey assumed the chair on 14th May 2021. Other members are Kirsty Cooper and Danny Wyler. The committee supports the organisation around the ethical acceptance/rejection of sponsorship, donations and membership. This includes making decisions, recommending referral of those decisions to the Charity Commission where appropriate, assessing the potential impact of those decisions while advising the business communications department with regard to their rationale, advising the main Board on the associated risks, annually reviewing the policy on accepting/rejecting such funds and monitoring compliance with this policy.

Learning and Participation: Munira Mirza chaired this committee until her resignation on 10th December 2019, when Susan Hoyle assumed the chair. Other members are Alex Beard, Helen Bruckdorfer, Hilary Carty, Annie Crombie (appointed 20th April 2021), Dame Vivien Duffield, Jane Ellison (retired 19th November 2020), David Hall (retired 19th November 2020), Anne McElvoy (retired 19th November 2020), Tanya Joseph (appointed 20th April 2021), Dame Theresa Sackler (retired 19th November 2020), Jonathan Sands, Ian Taylor (retired 10th December 2019) and Bridget Whyte. Jillian Barker (Director of Learning and Participation) reports to all meetings. The committee supports the organisation in planning, implementing and monitoring programmes and initiatives focused on learning, participation and widening engagement.

Nominations and Remuneration: Ian Taylor chaired this committee until his resignation on 10th December 2019. Lady Heywood assumed the chair from the 10th December 2019 until 1st September, when David Ross assumed the chair. David Ross retired on 13th May 2021, and Sir Simon Robey assumed the chair on 14th May 2021. Other members are Dame Vivien Duffield, Lady Heywood, Susan Hoyle OBE, Sir John Kingman, Julian Methereil and Danny Wyler. Alex Beard also attends these meetings. The committee nominates appointees to the Board and other Senior Executives for approval by the Board. It may co-opt additional members where particular expertise is required and a particular role is under consideration. The committee is also responsible for the continuous review of Board membership to ensure that a proper balance of skills, experience and diversity is maintained. The committee is responsible for reviewing and benchmarking internationally the pay, benefits and total compensation of the Executive Team. The activities of the Royal Opera House are driven by the artistic plans of the Royal Ballet and the Royal Opera, and managed by the Chief Executive with the support of the Executive Team. The Committee consider the Chief Executive, Music Director, Director of the Royal Ballet and Director of Opera as key management personnel responsible for these activities. The Committee conducts an annual review of executive compensation, focussing on survey data from a range of comparable UK and international arts organisations, and also takes into account the annual pay award for all staff. Under the chairmanship of the Senior Independent Director the Nominations and Remuneration Committee will set up a subcommittee to propose and assess candidates for the Chairmanship of the Board.

Executive Team: the day-to-day management is the task of the Royal Opera House Executive

The Trustees appoint the Chief Executive and, with him, the most senior management. Royal Opera House operations are managed by the Chief Executive with the assistance of an Executive Team comprising:

Alex Beard, Chief Executive
Jillian Barker, Director of Learning and Participation
Heather Baxter, Administrative Director, The Royal Ballet
Bob Brandsen, Production Director (*until 31 August 2020*)
Melanie Crompton, Orchestra Administrative Director (*until 30 April 2021*)
Jane Crowther, Director of Human Resources (*until 13 December 2019*)
Mark Dakin, Technical Director
Helen Dunne, Acting Orchestra Administrative Director (*until 1 November 2019*)

Lindsey Glen, Head of Policy and Strategy (*until 10 December 2020*)
Dale Haddon, Director of Human Resources (*from 17 June 2020*)
Peter Katona, Director of Casting
Koen Kessels, Music Director, The Royal Ballet
Mindy Kilby, Director of Finance
Terry McGrath, Director of Audiences & Media (*from 11th November 2019*)
Oliver Mears, Director of Opera
Kevin O'Hare, Director, The Royal Ballet
Antonio Pappano, Music Director
Richard Piercy, Director of IT (*from 2 September 2019 until 16 March 2020*)
Amanda Saunders, Director of Development and Enterprises
Cormac Simms, Administrative Director, The Royal Opera
Laura Stevenson, Renewal Programme Director (*from 1 September 2019*)
Heather Walker, Director of Operations

The Chief Executive (assisted by the Executive Team) is responsible for the development and implementation of the strategy and business plans of the Royal Opera House. The Executive Team meets weekly to monitor artistic, operational and financial progress against plans approved by Trustees. It should be noted that where the title 'Director' is used in the above table this is an internal management term only and does not indicate directorship according to the Companies Act definition.

The Royal Opera Company and The Royal Ballet Company are internal divisions of the charity. The Royal Ballet has a Royal Charter dating in its original form from 1956. The Royal Opera House, The Royal Ballet and The Royal Opera Company have the Sovereign's permission to use the word 'Royal' in their titles.

The Royal Opera House Pension Fund: Richard Soper, Chair

We would also to thank the following for support, advice and encouragement throughout the year:

Ambassadors

The Countess of Chichester
Dame Gail Ronson DBE

The Board of the Royal Opera House Endowment Fund

Dame Vivien Duffield Chair, Tim Bunting, Hamish Forsyth, Sir Simon Robertson (retired 20th April 2020), Sir Simon Robey, Baroness Shackleton of Belgravia (retired 20th April 2020), Peter Troughton CBE

Board of Honorary Directors

Ian Taylor Chair (retired 10th December 2019)
Lady Heywood Chair (appointed 10th December 2019, retired 1st September 2020)
David Ross Chair (appointed 1st September 2020, retired 13th May 2021)
Sir Simon Robey Chair (appointed 14th May 2021)
The Countess of Chichester Honorary Vice Chair
Dame Gail Ronson Honorary Vice Chair
Gregory and Regina Annenberg Weingarten
Lady Ashcroft
Mikhail Bakhtiarov
Celia Blakey
BP International – Peter Mather
Tim and Sarah Bunting
Susan and John Burns
Ricki Gail Conway
Dr Genevieve Davies
Sir Mick and Lady Barbara Davis
Sir Lloyd Dorfman CBE
Dame Vivien Duffield

Aline Foriel-Destezet
Hamish and Sophie Forsyth

Kenneth and Susan Green
Lady Hamlyn
Jane Hamlyn
Dr Catherine Høgel
Charles Holloway
Aud Jebsen
Frances Kirsh
Doug and Ceri King
Alfiya and Timur Kuanyshev
Lord and Lady Laidlaw
Rena and Sandro Lavery
Margarita Louis-Dreyfus and
Phillipp Hildebrand
The Marguiles Family
Bertrand and Elisabeth
Meunier
Marit Mohn
OANDA Europe Limited –
David Hodge

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 480523.
Trustees' report and consolidated financial statements. 53 week period ended 30 August 2020.

Mrs Susan A Olde OBE
Stefan Sten Olsson
Jette and Alan Parker
Natalie Parker
Mrs Clarissa Pierburg
Melinda and Donald Quintin
Julia and Hans Rausing
Yvonne and Bjarne Rieber
Sir Simon and Lady Robertson
Rolex – Arnaud Boetsch
The Gerald and Gail Ronson Family Foundation
Ruinart – Mr Bertrand Steip
Dame Theresa Sackler

Mrs Lily Safra
Lord and Lady Sainsbury of Preston
Candover
Kim Samuel
John Studzinski CBE
Tina Taylor
Lindsay and Sarah Tomlinson

Van Cleef & Arpels – Geoffroy Medinger
Dr and Mrs Michael West
Danny and Lillian Wyler

Anonymous (4)

REFERENCE AND ADMINISTRATIVE DETAILS

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 480523.
Trustees' report and consolidated financial statements. 53 week period ended 30 August 2020.

Charity number

211775

Company number

480523

ACTUARIES

*(to the Royal Opera House
Pension Scheme) Lane
Clark & Peacock LLP*

95 Wigmore Street, London,
W1U 1DQ

PRINCIPAL OFFICE

Royal Opera House

Covent Garden, London,
WC2E 9DD

INTERNAL AUDITORS

RSM UK Group LLP

25 Farringdon Street London
EC4A 4AB

AUDITORS

Grant Thornton UK LLP 30

Finsbury Square, London,
EC2A 1AG

BANKERS

Coutts & Co. 440 Strand,
London, WC2R 0QS

INVESTMENT
ADVISORS

Stonehage Fleming

**Investment Management
Limited**, 15 Suffolk Street,
London SW1Y 4HG

Troy Asset Management

Limited Brookfield House,
33-34 Davies Street, London
W1K 4BP

Newton Investment

Management Limited BNY
Mellon Centre, 160 Queen
Victoria Street, London,
EC4V 4LA

Group entities

On 30 August 2020 the group included the charity and:

Royal Opera House Endowment Fund 2000

Royal Opera House Enterprises Limited

ROH Holdings Limited

ROH Developments Limited

The consolidated financial statements include the results of these entities, as detailed in Note 2. See Note 2 for the principal activities of these entities.

Equality policy/statement

The Royal Opera House has an ongoing commitment to promoting diversity throughout all its work – as an employer, in the art we perform, and in the extent of our audience. We report annually to Arts Council England on our progress against an action plan, which is keenly monitored by the Board of Trustees.

Environmental strategy

It is the ambition of the Royal Opera House to be a leader in environmental sustainability and to act as a catalyst for positive change in this field.

Recognising our global reach and leadership role within the UK arts sector, we embrace our responsibility and obligation to reduce our impact on the environment and we aim to engage with our audiences, staff, suppliers and partners to raise awareness about sustainability issues. It is our belief that reducing our environmental impact will not only have a positive effect on the environment, but will also make our operations more efficient and economical and will enhance our organisational resilience in the long term.

Health and safety

The charity has a health and safety committee comprised of representatives from many departments. All new employees are issued with a health and safety policy document. In addition, under the supervision of the occupational health unit, there are trained first-aiders in all departments. A full report on Health and Safety is considered annually by the Board.

Employees

The charity informs and seeks the views of its employees by means of regular department meetings open to all employees and newsletters. Regular meetings are held with the recognised unions: BECTU (Broadcasting Entertainment Cinematograph and Theatre Union), The Musicians' Union and Equity.

Disabled persons

The charity encourages the employment of disabled persons. It is Board policy to ensure that continued employment is offered, wherever possible, to employees who become temporarily disabled and special arrangements are made for those permanently disabled.

Political and charitable contributions

The charity made no political contributions during the period. No charitable contributions were made during the period, other than as disclosed in Note 9 to the financial statements.

Payment policy

It is the charity's policy to pay suppliers in accordance with agreed credit terms. The Royal Opera House had trade creditors equivalent to 18 days supply at the period end (*52 week period ended 25 August 2019: 9 days*).

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Grant Thornton UK LLP will therefore continue in office.

Fundraising statement

Our guiding principle for fundraising is to build secure, long term fundraising support from our Members, encouraging their interest in our charitable work, allowing them to engage with our staff and projects and seeing how their additional gifts help us. Our fundraising materials are written and designed around this principle.

Fundraising activities include targeted direct mail, events and leaflets at promoting donations and bequests, donations through our website, and approaches to Trusts, Foundations, companies and individual benefactors.

Our fundraising is carried out by our in-house fundraising teams and we are a registered member of The Fundraising Regulator. We have procedures in place to ensure our staff and volunteers comply with fundraising standards and regulation; we are not aware of any failure by our staff or volunteers to meet these standards. We are committed to acting promptly if we receive any information indicating we have not met these standards.

In 2019/20 we received 8 general fundraising complaints about our fundraising activity. If complaints are received we respond quickly and ensure corrective action is taken as required. If complaints are received about the suggested donations added to ticket purchases, these are refunded at the point of complaint. Additionally there were 12 follow-up complaints received when customers did not realise that the suggested donation had been added, these were also refunded and a response was issued. Corrective actions might include retraining fundraisers and updating monitoring processes.

We take our responsibilities on managing our contact data very seriously and we strive to ensure that our policies and procedures around data and processing meet our legal requirements, our high expectations and those of our supporters. As part of the risk-based audit plan and in line with our risk management processes, Internal Audit performs regular reviews of the Fundraising team activities and control environment.

We recognise the need to protect vulnerable people. We ensure comprehensive training is provided to ensure that empathy and respect are demonstrated towards people in vulnerable circumstances and that no donation is sought or gained from someone who may not have the capacity to make an informed and considered decision.

We respect our supporters' privacy and rights to decide how and if we contact them. We make it easy for supporters to choose how they want to hear from us, and if they ask us not to contact them we will not, unless it is a legal or administrative requirement.

Trustees' responsibilities statement

The trustees (who are also directors of Royal Opera House Covent Garden Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable 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 (FRS 102);
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is 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.

The Trustees' Annual Report (incorporating the strategic report) was approved by the Board of Trustees and signed on 25 May 2021.



Sir Simon Robey, Chair

Independent auditor's report to the members of Royal Opera House Covent Garden Foundation

Opinion

We have audited the financial statements of Royal Opera House Covent Garden Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the 53 week period ended 30 August 2020, which comprise the Consolidated Statement of Financial Activities, the Consolidated Income and Expenditure Account, the Consolidated Balance Sheet, the Parent Charitable Company Balance Sheet, the Consolidated Statement of Cash Flows 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 30 August 2020 and of the group's incoming resources and application of resources including, its income and expenditure for the period 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 have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group and company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group and company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group or for a company associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Trustees' conclusions, we considered the risks associated with the group and company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group and the company will continue in operation.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Strategic Report and the Directors' report, prepared for the purposes of company law, included in the Trustees' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report included in the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 or the Directors' Report included in the Trustees' Annual Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 53, the trustees (who are also the directors of the 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 the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in 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.

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.



Michael Redfern
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
25th May 2021

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 480523.
Trustees' report and consolidated financial statements. 53 week period ended 30 August 2020.

FINANCIAL STATEMENTS

ROYAL OPERA HOUSE COVENT GARDEN FOUNDATION (LIMITED BY GUARANTEE)

Consolidated financial statements

53 week period ended 30 August 2020

Registered charity number: 211775. Registered company number: 480523.

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 480523.
Trustees' report and consolidated financial statements. 53 week period ended 30 August 2020.

Consolidated statement of financial activities

for the 53 week period ended 30 August 2020

| | Note | | | | 53 week period ended 30-Aug- 20 | 52 week period ended 25-Aug-19 |
|--|-------|--------------------------------|---------------------|--------------------|---|--------------------------------------|
| | | Total Unrestricted Funds | Restricted Funds | Endowment Funds | Total Funds | Total Funds |
| | | £'000 | £'000 | £'000 | £'000 | £'000 |
| Income and endowments from: | | | | | | |
| Charitable activities | | | | | | |
| Operation of Royal Opera House (including box office) | 3 | 37,766 | - | - | 37,766 | 56,861 |
| Government Grant | 5 | - | 12,416 | - | 12,416 | - |
| Donations and legacies | | | | | | |
| Donations, legacies and similar incoming resources | 6 | 23,576 | 5,347 | 167 | 29,090 | 29,150 |
| Grants from Arts Council England | 4 | 24,213 | 732 | - | 24,945 | 24,756 |
| Other trading activities | | | | | | |
| Commercial trading income | 7 | 12,502 | - | - | 12,502 | 20,230 |
| Investments | 8 | 834 | 463 | - | 1,297 | 1,704 |
| Total income and endowments | | 98,891 | 18,958 | 167 | 118,016 | 132,701 |
| Expenditure on: | | | | | | |
| Charitable activities | | | | | | |
| Productions, sales and operations | 9 | (91,186) | (17,545) | - | (108,731) | (120,896) |
| Raising Funds | | | | | | |
| Generating voluntary income | 11 | (4,152) | (355) | - | (4,507) | (4,898) |
| Commercial activities | 12 | (8,183) | (210) | - | (8,393) | (13,005) |
| Restructuring | 15 | (5,816) | - | - | (5,816) | - |
| Interest payable | 16,26 | (62) | - | - | (62) | (64) |
| Total expenditure | 14 | (109,399) | (18,110) | - | (127,509) | (138,863) |
| Profit on disposal of operations | 17 | - | - | - | - | 2,257 |
| Net (loss) / gains on investments | 20 | - | 156 | (387) | (231) | 1,792 |
| Net (expenditure) / income | | (10,508) | 1,004 | (220) | (9,724) | (2,113) |
| Transfers between funds | 17 | 1,987 | (1,987) | - | - | - |
| Other recognised gains and (losses) | | | | | | |
| (Loss) / Gains on revaluation of heritage assets | 20,24 | (3,739) | - | - | (3,739) | 9,000 |
| Actuarial (loss) / gain on the defined benefit pension scheme | 32 | (7,601) | - | - | (7,601) | (8,429) |
| Net movement in funds | | (19,861) | (983) | (220) | (21,064) | (1,542) |
| Fund balances brought forward at 25 August 2019 | 28 | 195,398 | 14,073 | 43,647 | 253,118 | 254,660 |
| Fund balances carried forward at 30 August 2020 | 28 | 175,537 | 13,090 | 43,427 | 232,054 | 253,118 |

Amounts relating to incoming resources and resources expended in the current and previous period derive from continuing activities. No significant new operations have been acquired in the period or the previous period.

There is no difference between the results for the period stated above and their historical cost equivalents, except for unrealised gains and losses on investments and heritage assets (see note 20).

Notes from pp. 63-107 form part of the financial statements.

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 480523.
Trustees' report and consolidated financial statements. 53 week period ended 30 August 2020.

Consolidated income and expenditure account

for the 53 week period ended 30 August 2020

| | Note | 53 week period ended 30-Aug-20 Total Income Funds £'000 | 52 week period ended 25-Aug-19 Total Income Funds £'000 |
|---|-------|---|--|
| Income and endowments from | | | |
| Charitable activities | | | |
| Operation of Royal Opera House (including box office) | 3 | 37,766 | 56,861 |
| Government Grant | 5 | 12,416 | - |
| Donations and legacies | | | |
| Donations, legacies and similar incoming resources | 6 | 28,923 | 27,165 |
| Grants from Arts Council England | 4 | 24,945 | 24,756 |
| Other trading activities | | | |
| Commercial trading income | 7 | 12,502 | 20,230 |
| Investments | 8 | 1,297 | 1,704 |
| Total income and endowments | | 117,849 | 130,716 |
| Expenditure on: | | | |
| Charitable activities | | | |
| Productions, sales and operations | 9 | (108,731) | (120,896) |
| Raising Funds | | | |
| Generating voluntary income | 11 | (4,507) | (4,898) |
| Commercial activities | 12 | (8,393) | (13,005) |
| Restructuring | 15 | (5,816) | - |
| Interest payable | 16,26 | (62) | (64) |
| Total expenditure | 16 | (127,509) | (138,863) |
| Profit on disposal of operations | 19 | - | 2,257 |
| Net (expenditure) before taxation | | (9,660) | (5,890) |
| Taxation | 37 | - | - |
| Net expenditure after taxation | | (9,660) | (5,890) |

The consolidated income and expenditure account is prepared for Companies Act purposes and presents the group's gross income and expenditure. The consolidated statement of financial activities includes the consolidated income and expenditure account along with movements in endowment funds and unrealised gains and losses and actuarial gains and losses on pension liability.

Notes from pp. 63-107 form part of the financial statements.

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 480523.
Trustees' report and consolidated financial statements. 53 week period ended 30 August 2020.

Consolidated balance sheet

as at 30 August 2020

| | Note | | | | 30 August 2020 | 25 August 2019 |
|---|-------|-------------------------------------|------------------------------|-----------------------------|-------------------------|-------------------------|
| | | Un- Restricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total Funds £'000 | Total Funds £'000 |
| Fixed assets | | | | | | |
| Intangible fixed assets | 21 | 1,377 | - | - | 1,377 | 1,998 |
| Tangible fixed assets | 22 | 186,132 | 10,532 | - | 196,664 | 197,160 |
| Heritage assets | 24 | 16,791 | - | - | 16,791 | 20,530 |
| Investments | 23(a) | - | - | 38,584 | 38,584 | 39,149 |
| Total fixed assets | | 204,300 | 10,532 | 38,584 | 253,416 | 258,837 |
| Current assets | | | | | | |
| Productions in preparation | | 957 | - | - | 957 | 2,669 |
| Stocks | 25 | 422 | - | - | 422 | 303 |
| Debtors: amounts falling due after more than one year | 26 | 1,330 | - | 5,430 | 6,760 | 7,235 |
| Debtors: amounts falling due within one year | 26 | 17,809 | 645 | - | 18,454 | 17,423 |
| Cash at bank and in hand | | 22,400 | 1,400 | - | 23,800 | 23,080 |
| Short term Investments: Deposits | 35 | - | - | - | - | 12,500 |
| | | 42,918 | 2,045 | 5,430 | 50,393 | 63,210 |
| Creditors: amounts falling due within one year | 27 | (35,377) | 1,878 | (587) | (34,086) | (39,174) |
| Net current assets | | 7,541 | 3,923 | 4,843 | 16,307 | 24,036 |
| Total assets less current liabilities | | 211,841 | 14,455 | 43,427 | 269,723 | 282,873 |
| Creditors: amounts falling due after one year | 27 | - | (1,365) | - | (1,365) | (1,405) |
| Net assets excluding pension liability | | 211,841 | 13,090 | 43,427 | 268,358 | 281,468 |
| Defined benefit pension scheme liability | 32 | (36,304) | - | - | (36,304) | (28,350) |
| Net assets including pension liability | | 175,537 | 13,090 | 43,427 | 232,054 | 253,118 |
| Funds | | | | | | |
| Unrestricted general funds | 28 | 4,470 | - | - | 4,470 | 4,546 |
| Unrestricted revaluation funds | 28 | 7,708 | - | - | 7,708 | 11,447 |
| Unrestricted designated funds | 28 | 199,663 | - | - | 199,663 | 207,755 |
| Unrestricted funds before pension reserve | | 211,841 | - | - | 211,841 | 223,748 |
| Unrestricted pension reserve | 32 | (36,304) | - | - | (36,304) | (28,350) |
| Restricted funds | 28 | - | 13,090 | - | 13,090 | 14,073 |
| Endowment fund | 28 | - | - | 43,427 | 43,427 | 43,647 |
| Total Funds | | 175,537 | 13,090 | 43,427 | 232,054 | 253,118 |

These financial statements were approved by the board of Trustees on 25 May 2021 and were signed on its behalf by:

SIR SIMON ROBEY



Trustee

JULIAN METHERELL



Trustee

Notes from pages 63-107 form part of these financial statements.

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 480523.
Trustees' report and consolidated financial statements. 53 week period ended 30 August 2020.

Parent charitable company balance sheet

as at 30 August 2020

| | Note | Un-Restricted Funds £'000 | Restricted Funds £'000 | 30 August 2020 Total Funds £'000 | 25 August 2019 Total Funds £'000 |
|---|-------|---------------------------------|------------------------------|---|---|
| Fixed assets | | | | | |
| Intangible fixed assets | 21 | 1,377 | - | 1,377 | 1,998 |
| Tangible fixed assets | 22 | 186,132 | 10,532 | 196,664 | 197,160 |
| Heritage assets | 24 | 16,791 | - | 16,791 | 20,530 |
| Investment in subsidiaries | 23(b) | 6,676 | - | 6,676 | 6,676 |
| Total fixed assets | | 210,976 | 10,532 | 221,508 | 226,364 |
| Current assets | | | | | |
| Productions in preparation | | 957 | - | 957 | 2,669 |
| Debtors: amounts falling due after more than one year | 26 | 600 | - | 600 | 800 |
| Debtors: amounts falling due within one year | 26 | 18,454 | 644 | 19,098 | 19,263 |
| Cash at bank and in hand | | 20,440 | - | 20,440 | 17,830 |
| Short term Investments: Deposits | 35 | - | - | - | 12,500 |
| | | 40,451 | 644 | 41,095 | 53,062 |
| Creditors: amounts falling due within one year | 27 | (33,613) | - | (33,613) | (38,298) |
| Net current assets | | 6,838 | 644 | 7,482 | 14,764 |
| Total assets less current liabilities | | 217,814 | 11,176 | 228,990 | 241,128 |
| Creditors: amounts falling due after one year | 27 | - | (1,365) | (1,365) | (1,405) |
| Net assets excluding pension liability | | 217,814 | 9,811 | 227,625 | 239,723 |
| Defined benefit pension scheme liability | 32 | (36,304) | - | (36,304) | (28,350) |
| Net assets including pension liability | | 181,510 | 9,811 | 191,321 | 211,373 |
| Funds | | | | | |
| Unrestricted General funds | 28 | 4,670 | - | 4,670 | 4,614 |
| Unrestricted Revaluation funds | 28 | 7,708 | - | 7,708 | 11,447 |
| Unrestricted Designated funds | 28 | 205,436 | - | 205,436 | 213,535 |
| Unrestricted Funds before pension | | 217,814 | - | 217,814 | 229,596 |
| Unrestricted pension reserve | 32 | (36,304) | - | (36,304) | (28,350) |
| Restricted funds | 28 | - | 9,811 | 9,811 | 10,127 |
| Total Charity funds | | 181,510 | 9,811 | 191,321 | 211,373 |

The parent company's loss for the period, before other recognised gains and losses, was £8.712m (2019: £5.040m loss). After loss on revaluation of heritage assets and actuarial loss on defined benefit scheme the loss for the period was £20.052m (2019: £4.470m).

These financial statements were approved by the board of Trustees on 25 May 2021 and were signed on its behalf by:

SIR SIMON ROBEY



Trustee

JULIAN METHERELL



Trustee

Notes from pages 63-107 form part of these financial statements.

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 480523.
Trustees' report and consolidated financial statements. 53 week period ended 30 August 2020.

Consolidated statement of cash flows

for the 53 week period ended 30 August 2020

| | Note | 53 week period ended 30-Aug-20 £'000 | 52 week period ended 25-Aug-19 £'000 |
|--|-------|--|---|
| Cash outflow from operating activities | 33(a) | (2,935) | (1,247) |
| Cash inflow / (outflow) from investing activities | 33(b) | 3,757 | (6,563) |
| Cash outflow from financing activities | 33(c) | (102) | (102) |
| Change in cash and cash equivalents in the reporting period | | 720 | (7,912) |
| Cash and cash equivalents at the beginning of the reporting period | | 23,080 | 30,992 |
| | | <hr/> | <hr/> |
| Cash and cash equivalents at the end of the reporting period | | 23,800 | 23,080 |
| | | <hr/> | <hr/> |

Notes from pages 63-107 form part of these financial statements.

NOTES

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

Basis of preparation

The financial statements have been prepared in accordance with FRS102 : The Financial Reporting Standard applicable in the UK and Republic of Ireland and under the historical cost convention, modified to include the revaluation of investments and heritage assets, and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) and Companies Act 2006. There are no material departures from FRS102.

Comparative figures are shown for the 52 week period ended 25 August 2019.

Going Concern

The Trustees must satisfy themselves as to the Royal Opera House's ability to continue as a going concern for a minimum of 12 months from the signing of the financial statements. The Board of Trustees reviewed possible options in its assessment of going concern by considering whether, in the face of several challenging yet plausible scenarios identified as a result of COVID-19, the Royal Opera House had adequate resources to meet its obligations as they fall due in and beyond the 12 months from the date of approval of these financial statements.

The Covid-19 pandemic developed rapidly in 2020 and continues to have a significant impact on our operations at the date of the audit report. Measures taken by governments, primarily the UK government, have affected economic activity and the group's activities in various significant ways:

- Due to UK government restrictions the Royal Opera House, along with many other theatre venues, has been closed to the general public since mid-March 2020 which has affected the following key areas
 - Our ability to put on live productions in the Royal Opera House's varied performance spaces has been significantly affected
 - Our ability to use the Royal Opera House and its performance programme for commercial use such as retail, catering, venue hire, sponsorship, advertising etc has been greatly reduced
 - Memberships from friends and patrons has been impacted as a result of the reduced performance programme
- Our global cinema programme has been impacted by government restrictions across the world concerning entertainment venues as well as the impact of uncertainty on customer demand for cinema screenings

From the beginning of the pandemic, financial modelling was undertaken by the executive and on an ongoing basis discussed with the Board. This modelling has guided the executive to take a number of actions, such as reducing costs, to optimise cash flow and reserve levels. The Board reviewed and challenged the appropriateness of the scenarios modelled, and all decisions that could affect the well-being of employees. The scenarios are based on the potential financial impact of the Royal Opera House's specific risks associated with Covid-19, namely the closing of the Royal Opera House in Covent Garden and the impact of social distancing on attendance and occupancy rates once the industry can ease restrictions and the Opera House can safely reopen.

Several scenarios have been considered over the course of the pandemic. The scenario felt to be most plausible at the time of signing the Annual Report has the Opera House not re-opening fully until September 2021, and until then only performing breakeven productions to either a live audience following current performance guidelines and / or streaming of performances through various media channels. A performance schedule has been identified for this scenario with assumptions for occupancy rates, and the subsequent impact of those on all areas of the Opera House. The Trustees are confident that these risks have adequate mitigation to ensure the ROH remains a going concern.

After the closure of the Opera House a four point plan for recovery was devised which comprises an organisational restructure to save costs, the sale of certain heritage assets, a recovery fundraising campaign and an application to the Government's Cultural Recovery Fund. At the date of approving these financial statements the Trustees can confirm that the portrait of Sir David Webster by David Hockney was sold from the ROH heritage asset collection. Christie's were appointed to sell the painting and ahead of the auction date an independent third party guarantee was secured. The painting sold for £11.275m in a public auction in October 2020. The sale estimate from Christie's was £10-12m and the price realised (hammer price plus buyer's premium net of applicable fees) was £12.865m. In late November 2020, the buyer at auction was publicly announced as the former ROH Chair of Trustees, David Ross. In conclusion, the recovery fundraising campaign has started well, the Government's Cultural Recovery Fund has offered a long term loan of £21.7m, and the cost saving organisational restructure of staffing was completed as at 1 December 2020.

Underlying assumptions were updated as the pandemic progressed and more information was released by the government to the public. As of 25 May 2021 the ROH is able to put on some performances and events to the public whilst ensuring social distancing guidelines are followed. Considerations for the season planned for 2021-22 include a reluctance for audiences to return to theatres which we have reflected in a reduced financial capacity, and not returning to the pre-COVID levels until the end of the 2022-23 season. Although the full impact of the pandemic is difficult to assess with certainty, the current information available leads management to believe that the scenarios are reasonable. In particular, an extreme and highly unlikely scenario was modelled on the assumption that the Opera House would remain closed for the foreseeable future – even in this implausible situation, ROH could expect to remain a going concern.

After consideration of the scenarios and the impact of the four point plan for recovery, the Trustees consider that the Royal Opera House (Group and Parent Charitable Company) has adequate resources to continue in operational existence for the foreseeable future being a minimum of twelve months from when these financial statements are approved. For this reason the financial statements of the Group and Parent Charitable Company have been prepared on a going concern basis.

Basis of consolidation

The consolidated statement of financial activities and balance sheet include the financial statements of the charity (Royal Opera House Covent Garden Foundation (Limited by Guarantee), incorporated in the United Kingdom with registered address and principal address of Royal Opera House, Covent Garden, London WC2E 9DD) and its subsidiaries as set out in Note 23(b). All subsidiary results are presented for their statutory financial period, which falls within three months of the year end of the charity. The results of the ROH Holdings Limited Group and Royal Opera House Enterprises Limited (Company Number 4112266) have been included in the consolidated statement of financial activities throughout the period. ROH Holdings Limited (Company Number 2580395) is the holding company of ROH Developments Limited (Company Number 2580400). In the charity's financial statements, the investment in subsidiary undertakings is stated at cost.

The Royal Opera House Endowment Fund 2000 (Charity Registration Number 1089928) has also been consolidated in full throughout the period. Since its inception the Fund has been able to make grants (directly or indirectly) for the benefit of the Royal Opera House. The extent to which the Royal Opera House benefits from the Royal Opera House Endowment Fund 2000 and the extent of grants and consideration of grants to other bodies has been reviewed annually by the Trustees since its creation. Since the beginning of the period ended 25 March 2007, the Trustees have considered it appropriate to consolidate the Royal Opera House Endowment Fund 2000 into the Royal Opera House Covent Garden Foundation Group (formerly the Royal Opera House Covent Garden Limited Group). In the Trustees' view, Royal Opera House Covent Garden Foundation has control in that it actually exercises dominant influence over the Royal Opera House Endowment Fund 2000, through influencing the operating and financial policies for the benefit of the ROH and both entities are managed on a unified basis. Also, the objects of Royal Opera House Endowment Fund 2000 are substantially confined to the benefit of Royal Opera House Covent Garden Foundation.

A separate Statement of Financial Activities, or income and expenditure account, has not been presented for the charity in accordance with Section 408 of the Companies Act 2006. The income and expenditure of the charity are detailed in note 28. A separate cash flow statement has not been presented for the charity in accordance with FRS 102 section 1.12(b).

Public Benefit Entity

The Royal Opera House Covent Garden Foundation (Limited by Guarantee) is a Public Benefit Entity under FRS102.

Significant judgements and key sources of estimation uncertainty

Management have exercised their judgement in the following areas:

Assessing the useful lives of tangible fixed assets (see **Tangible fixed assets and depreciation** below) as well as any impairment provision required for those assets. See Note 22 for carrying values for the current and prior periods.

The valuation method of heritage assets. See **Heritage assets** below and Note 24 for more details and for carrying values for the current and prior periods.

The decision to include ROH Endowment Fund 2000 in the Group Consolidation. See **Basis of consolidation** above.

In addition, the pension actuarial assumptions (see **Pension Costs** below and Note 32) are areas of significant judgement.

Management have used estimations in the following areas:

Determining that the fair value of the leased commercial units at the inception of the leasing arrangement amounts to the initial payments paid by the third party and the present value of rent receipts over the term of the lease and determining that the residual value of the leased units at the end of the lease term is negligible when discounted to present value. See Note 26 for carrying values for the current and prior periods.

That the rate payable on the intragroup loan payable from Royal Opera House Enterprises Limited to Royal Opera House Covent Garden Foundation Limited a commercial rate of interest and that, given the decision to continue not to demand immediate payment, that the long term portion of the loan continue to be disclosed in **Debtors: amounts due after more than one year** (see Note 26).

In addition, the valuation of Investment in Programming assets (see **Intangible Fixed Assets** below and Note 21) is an area of significant judgement and estimation.

Functional Currency

The Group operates primarily economically in the UK and the functional currency as well as the reporting currency is the pound sterling.

Income

Box office and other income from the operation of the Royal Opera House is stated net of Value Added Tax and consists primarily of ticket sales together with sales of other goods and services. Revenue from ticket sales is recognised on the night of the performance.

Membership income received is recognised on a time-apportioned basis over the period to which the membership relates.

Grants and donations are accounted for when the receipt is probable, there is evidence of entitlement and can be measured reliably. Entitlement is assessed using performance and time-restriction conditions.

Legacies are accounted for when the receipt is probable, there is evidence of entitlement and can be measured reliably. Entitlement is assessed using conditions as set out in the will of the deceased legacy owner.

Sponsorship income represents income from commercial organisations in support of specific activities. Income is recognised at the date of the event which is the point of delivery for goods or services.

Co-production income represents income from other theatre companies as a contribution towards the costs

of delivering a new Opera or Ballet production. Income is recognised at the date of the first performance of the production.

Grants from Arts Council England are recognised on entitlement and when their receipt is probable.

Commercial trading income and other income is recognised at the point of delivery of goods or services.

Investment income is recognised on an accruals basis. Specifically, interest is recognised using the effective interest method and dividend income is recognised when the right to receive payment is established.

Amounts due to the Royal Opera House in respect of the Theatre Tax Credit are included in the financial year to which the claim relates. These amounts are recognised in income, rather than as a tax credit or recovery of expenditure, as the intention and nature of the Theatre Tax Credit is akin to government grant income.

Payment from a trading subsidiary under Gift Aid

Royal Opera House Enterprises Limited has adopted a policy of paying all its taxable profits to its parent charity, Royal Opera House Covent Garden Foundation, under Gift Aid. These gift aid payments are recognised in Royal Opera House Enterprises Limited as distributions through equity in the financial period in which the profits arise, under the terms of the Deed of Covenant between Royal Opera House Enterprises Limited and Royal Opera House Covent Garden Foundation.

The Royal Opera House Covent Garden Foundation recognises the income in the period in which the profits of the subsidiary arise.

Assets

Assets are resources which are controlled by the company as a result of a past event, from which future economic benefits are expected to flow to the Charity. Assets are recognised only when it is probable that future economic benefits will flow to the Charity when the item has a cost or value that can be measured reliably.

Debtors

Debtors fall into the definition of assets and encompass trade debtors, accrued income, prepayments and intra-group balances. Debtors are measured at the cost of the transaction where receipt is not deferred beyond normal terms. Where receipt is deferred beyond normal terms, the debtor is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. In both instances, measurement is net of provision for doubtful debts.

Liabilities

Liabilities arise when there is a present obligation (legal or constructive) as a result of a past event, from which future economic benefits are expected to flow to the supplier or counterparty. Liabilities are recognised only when it is probable that future economic benefits will flow to the supplier or counterparty and when the item has a cost or value that can be measured reliably. Contracted commitments are not recorded as liabilities on the balance sheet, as the criteria for recognition have not been met. Commitments are disclosed in notes 31(b) and 31(c).

Creditors

Creditors fall into the definition of liabilities and encompass trade creditors, accruals for costs not yet billed or processed, deferred income and intra-group balances. Creditors are measured at the cost of the transaction where payment is not deferred beyond normal terms. Where payment is deferred beyond normal terms, the creditor is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Fund accounting

Unrestricted funds are those that can be used in accordance with the charitable objectives at the discretion of the Trustees and include designated funds, representing unrestricted funds which have been earmarked for

particular purposes.

Restricted funds are to be used in accordance with charitable objects and specific restrictions placed by the donor. Restricted funds have been further subdivided into restricted income funds and endowment funds. Restricted income funds are expendable at the discretion of the Trustees on specific purposes as required by donors.

Endowment funds represent those assets that are required to be invested to produce income to meet expenditure, either as directed by the endowment or for general purposes.

A transfer is made between restricted capital funds, representing tangible fixed assets required to be held for restricted purposes, and unrestricted funds to match depreciation charged on those tangible fixed assets.

Cash at bank and in hand

Cash at bank and in hand includes cash equivalents which are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. These include deposits with more than 24 hours' notice to access. Any cash deposits at institutions with a notice period of longer than three months are separately disclosed under Short term investments: Deposits.

Short term investments: Deposits

Cash deposits with notice periods of more than three months are separately disclosed on the balance sheet and included in investing activities for the purposes of the cash flow statement. These have a maturity date of less than one year and are held for investment purposes rather than to meet short-term cash commitments as they fall due.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Tangible fixed assets costing less than £1,500 are not capitalised and are expensed through the income and expenditure account. Depreciation is provided at annual rates on a straight-line basis to write off the cost of tangible fixed assets over their estimated useful lives.

The principal rates used are as follows:

| | |
|---|---------|
| Freehold land and buildings | 1 - 10% |
| Equipment and vehicles | 2 - 33% |
| Stage, production and technical equipment | 2 - 20% |
| Other equipment | 2 - 25% |
| Computer hardware | 33% |
| Motor vehicles | 25% |

Assets in course of construction are transferred to functional tangible fixed asset categories when the asset is ready for use and depreciated thereafter.

Heritage assets

The Royal Opera House maintains the following types of heritage assets:

- Fine art
- Costumes and accessories
- Other collections

Heritage assets are carried at fair value. Fair value of the fine art collection is based on retail replacement

cost. Management have made reference to the latest available external valuations in forming their assessment of period end fair value. Gains and losses on revaluation are recognised through 'Other recognised gains' in the Statement of Financial Activities.

The Royal Opera House only recognises new acquisitions on the Balance Sheet where the value of these acquisitions is greater than £10,000. Purchases under £10,000 are recognised as an expense in the income and expenditure account in the period they were incurred.

Outside of those assets recognised on the balance sheet, there is an extensive collection of other items that are not valued and not included on the balance sheet. These include, but are not limited to, costumes, accessories, music scores and the audio visual collection. Before embarking on a comprehensive valuation, these assets would need to be fully catalogued, and given the extent of the items this would be a considerable and lengthy task. Also, due to the uniqueness of the majority of these assets, there is no comparable market value.

Expenditure which is required to preserve or prevent further deterioration of individual collection items is recognised in the income and expenditure account when it is incurred. The Collections department has a rolling programme of review and restoration and the budget put aside for this on an annual basis is £15,000.

Investments

Investments, excluding investments in subsidiaries, are shown at fair value as at the balance sheet date. Realised and unrealised gains on investments are recognised in the income and expenditure account.

Investments in subsidiaries are recorded at cost in the individual balance sheet of the charity.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the exchange rate ruling at balance sheet date. Transactions in foreign currency are translated at the exchange rate ruling at that date of the transaction.

Foreign currency gains and losses are recognised as resources expended in the income and expenditure account.

Intangible fixed assets

Intangible fixed assets include investment in programming costs and computer software.

Investment in programming costs are capitalised and amortised over their expected useful life, which is up to two years depending on format and the terms of licences acquired. The costs capitalised are third party costs that include capture costs, post-production costs, rights clearances and other directly attributable costs. These assets are reviewed for impairment where events or changes in circumstances indicate that the carrying amount may not be recoverable. Any anticipated losses on individual projects are expensed in the income and expenditure account.

Computer software is stated at cost less accumulated amortisation. Computer software costing less than £1,500 is not capitalised and is expensed through the income and expenditure account. Amortisation is provided at an annual rate of 33% on a straight-line basis to write off the cost of the computer software over its estimated useful life. Computer software in course of construction is transferred to the intangible asset category when the asset is ready for use, and amortised thereafter.

Basic Loans

Loans payable are included at their amortised cost and disclosed in Note 27. The long term portion is included in Creditors: amounts falling due after one year with the current portion included in Creditors: amounts falling due within one year.

Loans receivable are included at their amortised cost and disclosed in Note 26. The long term portion is included in Debtors: Amounts due after one year with the current portion included in Debtors: amounts due

within one year.

Expenditure

Expenditure on charitable activities comprises expenditure on productions, sales and operations of the Royal Opera House, and grants and transfers to third party organisations. Direct expenditure on productions staged is charged to costs of production and sales on the day of the first performance. Expenditure relating to productions which have not had their first performance by the period end are held on the balance sheet under the caption 'Productions in preparation.'

Expenditure on raising funds consist of direct fundraising costs and costs of commercial trading operations. These costs are recognised when incurred.

Support costs, including management and administration, and premises and depreciation costs have been allocated across expenditure on production, sales and operation, and expenditure on raising funds. Support costs are analysed in note 14.

On occasion, management decides to make redundancy or termination payments for operational reasons. These are expensed in the SOFA on an accruals basis.

Governance costs, including audit fees and legal and professional fees on statutory and governance matters, are allocated across expenditure on productions, sales and operation, and expenditure on raising funds. These are analysed in note 13.

Interest payable is shown separately in the Statement of Financial Activities and in note 27.

Any irrecoverable VAT is included as part of the cost to which it relates.

Leases

As a lessee: Operating lease rentals are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

As a lessor: Finance leases are leases in which substantially all the risks and rewards of ownership, other than legal title, are transferred to the lessee. Assets acquired and held for use under finance leases are presented as a debtor at an amount equal to the net investment in the lease. Finance income is subsequently recognised at a constant periodic rate of return on that net investment. Contingent rentals arising under finance leases are recognised on receipt.

Pension costs

The charity operates a pension scheme providing benefits based on final pensionable pay, which is now closed to future accrual. Pension scheme assets are measured at fair value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability method. The pension scheme liability is disclosed on the balance sheet within unrestricted funds. The actuarial gain or loss for the period is disclosed under other recognised gains and losses in the Statement of Financial Activities. The current service costs and finance charge are included within expenditure on productions, sales and operations. These movements are analysed in detail in note 32.

The group also contributes to five defined contribution schemes for dancers, singers, musicians, and administration staff. The amounts charged to the Statement of Financial Activities represent the contributions payable to the schemes during the period. The amounts are shown in the Statement of Financial Activities in the same activity as the payroll costs which relate to that activity. For amounts which relate to payroll costs within support costs, these are allocated to the relevant activity on the same basis as other support costs (see Note 14).

Any liabilities for unpaid contributions at year end are included in unrestricted creditors in the balance sheet.

Stocks

Retail items are included at the lower of cost and net realisable value.

Productions in preparation

Expenditure relating directly to a production which is incurred in advance of its staging, such as commissioning, build costs and stocks of production materials, are held in the first instance on the balance sheet and disclosed under the heading 'Productions in preparation.' These costs are subsequently charged to the income and expenditure account in the period in which the production's first performance takes place.

Gifts in kind

Investments and other assets donated to the charity are included as donated voluntary income valued at market value at the time of receipt.

Volunteers

The Royal Opera House Group benefits from the role played by volunteers, which includes assisting in certain learning and participation activities, helping with large mail-outs and some general administrative support. The Royal Opera House Volunteer Programme includes a number of volunteers in Thurrock. Donated services such as the contribution from unpaid volunteers are not recognised in the Statement of Financial Activities as the amounts involved would be impractical to measure.

Financial Instruments

Financial instruments are accounted for in accordance with FRS102. Financial instruments are recognised only when the Group and Charity becomes a party to the contractual provisions of the instrument.

The initial amount recognised is the transaction price, except for financing transactions (for example, loans below market rate or accounts where payment is deferred beyond normal terms) where the amount recognised initially is the present value of the future payments, discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost using the effective rate of interest determined at inception of the loan.

Subsequent measurement at each year end for non-financing transactions is:

- undiscounted cash receivable or payable for debt instruments due or receivable within one year (this includes intra-group balances, apart from intra-group loans, which are deemed to be repayable on demand); or
- amortised cost using the effective interest rate method for debt instruments due or receivable for more than one year; or
- fair value for investments in publicly traded shares, funds and bonds.

For financial assets measured at amortised cost, an impairment assessment is conducted at year end and if there is any objective evidence of an impairment loss, that loss is recognised in the Statement of Financial Activities immediately. Where there is subsequently objective evidence that the circumstances have improved, the impairment loss is reversed in the Statement of Financial Activities immediately, limited to what the carrying amount would have been without the initial impairment.

A financial asset and a financial liability is offset and the net amount presented in the Balance Sheet when, and only when, (a) there is currently a legally enforceable right to set off the recognised amounts; and (b) there is intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial instruments are disclosed in Note 34. See policies above for specific policies for cash at bank and in hand, debtors, creditors, investments and basic loans.

Taxation

As a charitable entity, the Royal Opera House Covent Garden Foundation (Limited by Guarantee) is exempt from corporate taxation. There are no recognised deferred tax amounts in the subsidiaries as there are no recognised significant timing differences.

Employee benefits

All employee benefits are recognised as expenses in the period in which they are incurred. Post-employment benefits, representing contributions into defined contribution plans for current employees are equally recognised as expenses in the period in which the contribution payable is exchanged for services rendered by employees. The assets of the scheme are held separately from the charity.

A termination benefit liability is recognised at the earlier of the following dates:

- when the entity can no longer withdraw the offer of those benefits or;
- when the entity recognises costs for the restricting which involves the payment of termination benefits.

2. Subsidiary undertakings

Charitable subsidiaries

The charity has one connected charity – the Royal Opera House Endowment Fund 2000. The Royal Opera House Endowment Fund 2000 is treated as a subsidiary for reasons outlined in Note 1.

Royal Opera House Endowment Fund 2000 (the “Endowment Fund”) supports the work of the Royal Opera House and other organisations by raising funds to support projects which increase the appreciation and understanding of the musical arts in all forms. It is a separately registered charity, and its board has a majority of Trustees who are independent of the Royal Opera House.

The summary results for the Endowment fund are shown below:

| | Endowment Fund | |
|--|-----------------------|------------|
| | Year Ended | Year Ended |
| | 31-Aug-20 | 31-Aug-19 |
| | £'000 | £'000 |
| Income | | |
| Donations, legacies and similar income | 620 | 2,357 |
| Investment income | 1,134 | 1,482 |
| Expenditure | | |
| Cost of sales and administrative expenses | (18) | (27) |
| Donations and grants to other group undertakings | (2,254) | (2,421) |
| Investment managers' fees | (261) | (255) |
| (Loss) / Gains on revaluation and disposal of investments | (232) | 1,792 |
| | | |
| Net movement in funds | (1,011) | 2,928 |

2. Subsidiary undertakings (continued)

The assets and liabilities of the Endowment fund were:

| | Endowment Fund | |
|-------------------------|--------------------|--------------------|
| | 31-Aug-20 £'000 | 31-Aug-19 £'000 |
| Fixed asset investments | 38,584 | 39,149 |
| Current assets | 8,645 | 11,230 |
| Current liabilities | (101) | (2,239) |
| Total net assets | 47,128 | 48,140 |
| Total funds | 47,128 | 48,140 |

Except for fixed asset investments which at 31 August 2020 had an historical cost of £33.3m (25 August 2019: £29.7m) there is no difference between the carrying values and their historical cost equivalents.

Trading subsidiaries

The charity has two trading subsidiaries – ROH Holdings Limited and Royal Opera House Enterprises Limited.

Royal Opera House Enterprises Limited ("ROHEL") is a wholly owned trading subsidiary, whose principal activities are catering to customers and staff of the Royal Opera House, the sponsorship of Royal Opera House productions, multimedia production and distribution, hire of allocated spaces within the Royal Opera House, the sale of merchandise through the Royal Opera House shop, the sale of advertising through the Royal Opera House programmes and the licensing of the Royal Opera House brands. The charity owns the entire issued share capital. The reporting date of ROHEL is the same as the charity's, which falls on the last Sunday in August each year. On 3 September 2018 the ROHEL entered into an agreement to sell the Opus Arte business. The effective date of the transaction was 31 October 2018.

ROH Holdings is a holding company and has one wholly owned subsidiary, ROH Developments Limited, a property development company. The ROH Holdings Group prepares its accounts to 31 August each year. Summary trading results of all trading subsidiaries are shown below:

| | ROHEL | | ROHHL | |
|--|---|---|---|---|
| | 52 week period ended 30-Aug-20 £'000 | 52 week period ended 25-Aug-19 £'000 | 52 week period ended 31-Aug-20 £'000 | 52 week period ended 31-Aug-19 £'000 |
| Turnover | 12,040 | 19,756 | 5 | 5 |
| Cost of Sales | (8,650) | (13,833) | (5) | (5) |
| Gross profit | 3,390 | 5,923 | - | - |
| Administration and financial expenses | (1,456) | (1,405) | - | - |
| Operating profit | 1,934 | 4,518 | - | - |
| Profit on disposal of operations | - | 2,257 | - | - |
| Profit before taxation | 1,934 | 6,775 | - | - |
| Taxation for current year's profits | (367) | (1,317) | - | - |
| Taxation relief for current year's profits | 367 | 1,317 | - | - |
| Net profit for the period | 1,934 | 6,775 | - | - |
| Donations under the gift aid scheme | (1,934) | (6,775) | - | - |
| Retained result in subsidiary for the period | - | - | - | - |

2. Subsidiary undertakings (continued)

The assets and liabilities of each trading subsidiary were:

| | ROHEL | | ROHHL | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30-Aug-20 £'000 | 25-Aug-19 £'000 | 31-Aug-20 £'000 | 31-Aug-19 £'000 |
| Intangible fixed assets | - | - | 320 | 320 |
| Current assets | 2,955 | 4,828 | 5 | 10 |
| Current liabilities | (2,179) | (3,852) | (5) | (10) |
| Non-current liabilities | (600) | (800) | - | - |
| Total net assets | 176 | 176 | 320 | 320 |
| Aggregate share capital and reserves | 176 | 176 | 320 | 320 |

3. Income from operation of Royal Opera House

| | 53 week period ended 30-Aug-20 £'000 | 53 week period ended 30-Aug-20 £'000 | 52 week period ended 25-Aug-19 £'000 | 52 week period ended 25-Aug-19 £'000 |
|----------------------------|---|---|---|---|
| Unrestricted funds: | | | | |
| Box office receipts: | | | | |
| The Royal Opera | 15,883 | | 28,264 | |
| The Royal Ballet | 11,744 | | 15,685 | |
| | | 27,627 | | 43,949 |
| Other income: | | | | |
| Publications | 478 | | 821 | |
| Other | 3,689 | | 4,711 | |
| Theatre Tax Credit | 3,554 | | 6,072 | |
| | | 7,721 | | 11,604 |
| UK total | | 35,348 | | 55,553 |
| Overseas touring receipts | | 2,418 | | 1,308 |
| | | 37,776 | | 56,861 |

Other income includes £3.69m (52 week period ended 25 August 2019: £4.71m). This represents box office receipts from productions, other than those on the main stage, co-production income and income from production and costume hires, income from audio-visual exploitation, income from learning and participation, income from ice-cream sales and backstage tours and other income from sundry sources.

4. Grants from Arts Council England

| | 53 week period ended 30-Aug-20 £'000 | 52 week period ended 25-Aug-19 £'000 |
|---------------------------------------|---|---|
| Unrestricted funds: | | |
| Arts Council England - grant in aid | 24,213 | 24,029 |
| Restricted funds: | | |
| Arts Council England - Bridge funding | 732 | 727 |

Other forms of government assistance, apart from Arts Council England, included grants from the Thurrock Borough Council and other government agencies for learning and participation projects of £0.1m (52 week period ended 25 August 2019: £0.1m) included as other income in Note 3.

5. Grants from the UK Government

| | 53 week period ended 30-Aug-19 £'000 | 52 week period ended 25-Aug-19 £'000 |
|--|---|---|
| Restricted funds: | | |
| UK Government – Coronavirus Job Retention Scheme | 12,416 | - |

The UK Government's Coronavirus Job Retention Scheme (CJRS) was announced on 20th March 2020 as one of a number of support schemes for UK employers as a result of the impact of the Covid-19 pandemic. Initially the scheme was to run for three months, backdated to 1st March 2020, however it has been extended a number of times and as of the approval of these financial statements, is still in place. Initially the scheme provided grants to employers to pay 80% of a staff wage up to a total of £2,500 per person per month plus all national insurance and employer pension contributions associated with that pay. From 1st August 2020 the scheme provided grants to pay 80% of a staff wage up to a total of £2,500 per person per month but did not cover national insurance or employer pension contributions.

6. Donations, legacies and similar incoming resources

| | Un-Restricted Funds | Restricted Funds | Endowment Funds | 53 week period ended 30-Aug- 20 £'000 |
|-------------------------------|---------------------|------------------|-----------------|--|
| | £'000 | £'000 | £'000 | £'000 |
| Membership | 7,453 | - | - | 7,453 |
| Events | 369 | - | - | 369 |
| Donations, gifts and legacies | 15,754 | 5,347 | 167 | 21,268 |
| | 23,576 | 5,347 | 167 | 29,090 |

| | Un-Restricted Funds | Restricted Funds | Endowment Funds | 52 week period ended 25-Aug- 19 £'000 |
|-------------------------------|---------------------|------------------|-----------------|--|
| | £'000 | £'000 | £'000 | £'000 |
| Membership | 7,911 | - | - | 7,911 |
| Events | 1,297 | - | - | 1,297 |
| Donations, gifts and legacies | 10,870 | 7,087 | 1,985 | 19,942 |
| | 20,078 | 7,087 | 1,985 | 29,150 |

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7. Commercial Trading Income

| | 53 week period ended 30-Aug-20 £'000 | 52 week period ended 25-Aug-19 £'000 |
|---------------------------------|---|---|
| Unrestricted Funds | | |
| Catering | 5,552 | 9,672 |
| Sponsorship | 1,904 | 2,334 |
| Sales of audio-visual materials | 340 | 448 |
| Cinema broadcast | 2,556 | 2,282 |
| Retail | 1,044 | 4,351 |
| Promotions and summer season | - | 690 |
| Venue Hire | 408 | 323 |
| Advertising | 195 | 615 |
| Property recharges | 463 | 474 |
| Licensing | 40 | 44 |
| | <hr/> | <hr/> |
| | 12,502 | 20,230 |
| | <hr/> | <hr/> |

Following completion of the Open Up project in September 2018, we saw increased trading in catering and retail. The decrease in income from August 2019 to August 2020 is a result of the pandemic and activities ceasing from March 2020.

8. Investment income

| | Un- Restricted Funds | Restricted Funds | Endowment Funds | 53 week period ended 30-Aug-20 £'000 |
|-------------------------------|----------------------------|------------------|-----------------|---|
| | £'000 | £'000 | £'000 | |
| Dividend and interest income | 564 | 463 | - | 1,027 |
| Finance lease interest income | 270 | - | - | 270 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 834 | 463 | - | 1,297 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | | | | |
| | Un- Restricted Funds | Restricted Funds | Endowment Funds | 52 week period ended 25-Aug-19 £'000 |
| | £'000 | £'000 | £'000 | |
| Dividend and interest income | 758 | 676 | - | 1,434 |
| Finance lease interest income | 270 | - | - | 270 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 1,028 | 676 | - | 1,704 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

Dividend and interest income is earned on funds managed (for the Royal Opera House Endowment Fund 2000) by the investment managers Stonehage Fleming Investment Management Limited, Troy Asset Management Limited and Newton Investment Management Limited, and as well as interest received on bank deposits. Finance lease interest income is derived from the leases for the retail units on the site of the Royal Opera House.

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 480523.
Trustees' report and consolidated financial statements. 53 week period ended 30 August 2020.

9. Expenditure on productions, sales and operations

| | Un- Restricted Funds | Restricted Funds | Endowment Funds | 53 week period ended 30-Aug-20 £'000 |
|------------------------------------|----------------------------|------------------|-----------------|---|
| | £'000 | £'000 | £'000 | |
| The Royal Opera | 14,945 | 1,072 | - | 16,017 |
| The Royal Ballet | 9,286 | 1,784 | - | 11,070 |
| Orchestra of the Royal Opera House | 8,045 | 1,530 | - | 9,575 |
| Royalties and hire fees | 423 | - | - | 423 |
| Production | 5,378 | 7,380 | - | 12,758 |
| Stage and transport | 9,585 | 3,091 | - | 12,676 |
| Touring expenses | 1,959 | - | - | 1,959 |
| Other production and sales costs | 6,417 | 185 | - | 6,602 |
| Front of House | 1,439 | 384 | - | 1,823 |
| Marketing and publicity | 6,807 | 467 | - | 7,274 |
| Education, archives & live relays | 2,210 | 1,034 | - | 3,244 |
| Support costs (note 14) | 24,329 | 618 | - | 24,947 |
| Grants (note 10) | 10 | - | - | 10 |
| Expense on pension scheme | 353 | - | - | 353 |
| | <u>91,186</u> | <u>17,545</u> | <u>-</u> | <u>108,731</u> |

| | Un- Restricted Funds | Restricted Funds | Endowment Funds | 52 week period ended 25-Aug-19 £'000 |
|------------------------------------|----------------------------|------------------|-----------------|---|
| | £'000 | £'000 | £'000 | |
| The Royal Opera | 19,090 | - | - | 19,090 |
| The Royal Ballet | 12,274 | - | - | 12,274 |
| Orchestra of the Royal Opera House | 11,119 | - | - | 11,119 |
| Royalties and hire fees | 1,281 | - | - | 1,281 |
| Production | 6,507 | 6,087 | - | 12,594 |
| Stage and transport | 13,709 | - | - | 13,709 |
| Touring expenses | 1,072 | - | - | 1,072 |
| Other production and sales costs | 7,729 | - | - | 7,729 |
| Front of House | 1,944 | - | - | 1,944 |
| Marketing and publicity | 6,673 | 257 | - | 6,930 |
| Education, archives & live relays | 3,870 | 598 | - | 4,468 |
| Support costs (note 14) | 28,370 | 43 | - | 28,413 |
| Grants (note 10) | 10 | - | - | 10 |
| Expense on pension scheme | 262 | - | - | 262 |
| | <u>113,910</u> | <u>6,986</u> | <u>-</u> | <u>120,896</u> |

9. Expenditure on productions, sales and operations (continued)

The employer cash contribution to the defined benefit pension scheme is included in the expenditure on productions, sales and in operations in the Unrestricted fund in the Statement of Financial Activities. The loss on the pension scheme above, which is recognised in the Unrestricted pension reserve in note 28, represents the difference between the cash contributions and the expense in the Statement of Financial Activities as calculated by the Scheme's actuary (refer to note 32).

10. Grants

| | 53 week period ended 30-Aug-20 £'000 | 52 week period ended 25-Aug-19 £'000 |
|------------------------------|---|---|
| Unrestricted funds | | |
| Grant to Royal Ballet School | 10 | 10 |
| | 10 | 10 |

Grants made are in furtherance of the charity's objectives.

11. Expenditure on generating voluntary income

| | Un- Restricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | 53 week period ended 30-Aug-20 £'000 |
|-------------------------|-------------------------------------|---------------------------|--------------------------|---|
| Fundraising staff costs | 1,615 | 175 | - | 1,790 |
| Fundraising overheads | 1,525 | 155 | - | 1,680 |
| Support costs | 1,012 | 25 | - | 1,037 |
| | 4,152 | 355 | - | 4,507 |
| | | | | |
| | Un- Restricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | 52 week period ended 25-Aug-19 £'000 |
| Fundraising staff costs | 1,744 | - | - | 1,744 |
| Fundraising overheads | 1,844 | 156 | - | 2,000 |
| Support costs | 1,154 | - | - | 1,154 |
| | 4,742 | 156 | - | 4,898 |

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 480523.
Trustees' report and consolidated financial statements. 53 week period ended 30 August 2020.

12. Expenditure on commercial activities

| | Un- Restricted Funds | Restricted Funds | Endowment Funds | 53 week period ended 30-Aug-20 £'000 |
|--|----------------------------|------------------|-----------------|---|
| | £'000 | £'000 | £'000 | |
| Retail costs | 707 | - | - | 707 |
| Advertising and licensing costs | 39 | - | - | 39 |
| Sponsorship costs | 194 | - | - | 194 |
| Audio visual recording, production and distribution costs | 122 | - | - | 122 |
| Cinema broadcast costs | 1,132 | 39 | - | 1,171 |
| Property recharges | 463 | - | - | 463 |
| Catering costs | 4,765 | - | - | 4,765 |
| Other commercial costs | 761 | 171 | - | 932 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 8,183 | 210 | - | 8,393 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

| | Un- Restricted Funds | Restricted Funds | Endowment Funds | 52 week period ended 25-Aug-19 £'000 |
|--|----------------------------|------------------|-----------------|---|
| | £'000 | £'000 | £'000 | |
| Retail costs | 678 | - | - | 678 |
| Advertising and licensing costs | - | - | - | - |
| Sponsorship costs | 828 | - | - | 828 |
| Audio visual recording, production and distribution costs | 424 | - | - | 424 |
| Cinema broadcast costs | 1,612 | - | - | 1,612 |
| Property recharges | 474 | - | - | 474 |
| Catering costs | 8,214 | - | - | 8,214 |
| Other commercial costs | 775 | - | - | 775 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 13,005 | - | - | 13,005 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

13. Governance costs

| | 53 week period ended 30-Aug-20 £'000 | 52 week period ended 25-Aug-19 £'000 |
|------------------------------|---|---|
| Unrestricted funds | | |
| External audit (see note 16) | 104 | 103 |
| Legal and professional costs | 364 | 304 |
| | <hr/> | <hr/> |
| | 468 | 407 |
| | <hr/> | <hr/> |

14. Allocation of support costs

| | Expenditure on production, sales and operations (note 9) 30-Aug-20 £'000 | Expenditure on generating voluntary income (note 11) 30-Aug-20 £'000 | Total 53 week period ended 30-Aug-20 £'000 |
|---|--|--|---|
| Management and administration | 5,539 | 230 | 5,769 |
| Premises | 9,459 | 393 | 9,852 |
| Depreciation, amortisation and impairment | 9,498 | 395 | 9,893 |
| External audit | 100 | 4 | 104 |
| Legal and professional costs | 349 | 15 | 364 |
| | <hr/> | <hr/> | <hr/> |
| | 24,945 | 1,037 | 25,982 |
| | <hr/> | <hr/> | <hr/> |
| | Expenditure on production, sales and operations (note 9) 25-Aug-19 £'000 | Expenditure on generating voluntary income (note 11) 25-Aug-19 £'000 | Total 52 week period ended 25-Aug-19 £'000 |
| Management and administration | 6,480 | 263 | 6,743 |
| Premises | 11,202 | 455 | 11,657 |
| Depreciation, amortisation and impairment | 10,340 | 420 | 10,760 |
| External audit | 99 | 4 | 103 |
| Legal and professional costs | 292 | 12 | 304 |
| | <hr/> | <hr/> | <hr/> |
| | 28,413 | 1,154 | 29,567 |
| | <hr/> | <hr/> | <hr/> |

Directly attributable support costs are allocated to governance costs where appropriate. The remaining support costs are pro-rated between the key cost driving areas: expenditure on productions, sales and operations and expenditure on raising funds, based on their proportional costs to the overall costs.

15. Restructuring costs

| | 53 week period ended 30-Aug-20 £'000 | 52 week period ended 25-Aug-19 £'000 |
|---------------------------|---|---|
| Unrestricted funds | | |
| Restructuring costs | 5,816 | - |
| | <hr/> | <hr/> |
| | 5,816 | - |
| | <hr/> | <hr/> |

In July 2020 the Royal Opera House announced a restructure of the organisation as part of a four-point plan to deal with the long-term impacts of the Covid-19 pandemic on the Royal Opera House and ensure its continued existence. A consultation process subsequently began with affected staff and the three recognised unions: Equity, the Broadcasting, Entertainment, Cinematographic and Theatre Union (BECTU) and the Musician's Union. Although the restructure was not fully complete until December 2020 we accrued the expected redundancy and associated costs of the 198 members of staff at risk at the end of the 2019/20 financial year totalling £5.8m.

16. Total expenditure

Net (expenditure) / income is stated after charging the following:

| | 53 week period ended 30-Aug-20 £'000 | 52 week period ended 25-Aug-19 £'000 |
|--|---|---|
| Fees payable to the charitable company's auditor for the audit of the charitable company's annual accounts | 79 | 78 |
| Fees payable to the charitable company's auditor for other services: | | |
| Audit of the charitable company's subsidiaries, pursuant to legislation | 25 | 25 |
| Other services | - | 11 |
| Depreciation and other amounts written off: | | |
| Tangible fixed assets - owned (note 22) | 9,402 | 8,808 |
| Amortisation of intangible fixed assets (note 21) | 2,093 | 2,328 |
| Operating leases - land and buildings | 24 | 24 |
| Interest payable | 62 | 64 |

17. Gross transfers between funds

| | | Un- Restricted General Fund | Un-Restricted Designated Fund | Restricted Funds | Endowment Funds | 53 week period ended 30-Aug-20 £'000 |
|--------------------------------------|-------|-----------------------------------|----------------------------------|---------------------|--------------------|---|
| Gross transfers between funds | | £'000 | £'000 | £'000 | £'000 | £'000 |
| Depreciation & Amortisation | 17(a) | 308 | - | (308) | - | - |
| Fixed Asset Fund | 17(b) | 1,562 | (1,007) | (555) | - | - |
| Other Designated Funds | 17(c) | 7,030 | (7,030) | - | - | - |
| Endowment | 17(d) | 1,124 | - | (1,124) | - | - |
| | | 10,024 | (8,037) | (1,987) | - | - |

| | | Un-Restricted General Fund | Un-Restricted Designated Fund | Restricted Funds | Endowment Funds | 52 week period ended 25-Aug-19 £'000 |
|--------------------------------------|-------|-------------------------------|----------------------------------|---------------------|--------------------|---|
| Gross transfers between funds | | £'000 | £'000 | £'000 | £'000 | £'000 |
| Depreciation & Amortisation | 17(a) | 220 | - | (220) | - | - |
| Fixed Asset Fund | 17(b) | 4,303 | (3,303) | (1,000) | - | - |
| Other Designated Funds | 17(c) | 1,254 | (1,254) | - | - | - |
| Endowment | 17(d) | 1,325 | - | (1,325) | - | - |
| | | 7,102 | (4,557) | (2,545) | - | - |

(a) Depreciation of £0.3m (52 week period ended 25 August 2019: £0.2m) was charged against unrestricted income then matched by a transfer from restricted funds. Restricted funds include those funds that have been granted specifically to finance the capital expenditure on the Bob and Tamar Manoukian Production Workshop and the Bob and Tamar Manoukian Costume Centre.

(b) A net transfer of £1.6m (52 week period ended 25 August 2019: £4.3m) was made to the Unrestricted General Fund. There was a transfer from Restricted Funds of £0.6m, representing amounts received for the Open Up project and other restricted capital projects during the period (52 week period ended 25 August 2019: £1m). There was a transfer of £1.0m to the Unrestricted Fixed Asset Fund from the Unrestricted General Fund, representing a transfer for the net increase in the charity's tangible fixed assets (52 week period ended 25 August 2019: £3.3m).

17. Gross transfers between funds (continued)

(c) A net transfer of £7.0m (52 week period ended 25 August 2019: £1.3m) was made from other designated funds. A transfer was made from other designated funds to Unrestricted General Funds of £7.0m representing use of funds which was planned for the 2019/20 season.

(d) Transfers of £1.1m (52 week period ended 26 August 2018: £1.3m) were made to Unrestricted General Funds from Restricted Funds.

18. Staff numbers and costs

The full time equivalent number of permanent and casual staff employed by the group during the period was as follows:

| | Number of staff | |
|-------------------------------|--------------------------------------|--------------------------------------|
| | 53 week period ended 30-Aug-20 | 52 week period ended 25-Aug-19 |
| Production | 440 | 447 |
| Orchestra | 129 | 127 |
| Royal Ballet | 143 | 146 |
| Royal Opera | 86 | 88 |
| Sales and marketing | 111 | 91 |
| Management and administration | 91 | 99 |
| Fundraising | 41 | 35 |
| Education and collections | 36 | 35 |
| Premises | 5 | 5 |
| Shop | 16 | 12 |
| | 1,098 | 1,085 |

The aggregate payroll costs of these persons were as follows:

| | 53 week period ended 30-Aug-20 £'000 | 52 week period ended 25-Aug-19 £'000 |
|--|---|---|
| Payroll Costs | | |
| Wages and salaries | 51,070 | 46,983 |
| Social security costs | 5,560 | 5,940 |
| Other pension costs, of which: | 4,160 | 4,162 |
| -contributions to defined contribution pension schemes | 2,960 | 3,046 |
| -operating costs of defined benefit pension scheme | 1,200 | 1,115 |
| Non-PAYE payroll costs | 3,509 | 3,859 |
| | 64,299 | 60,943 |

The average salary cost per employee (£41,215), excluding termination costs, is a decrease compared to prior period (£46,859) and includes our pay award for the year (on average, 1.5%) and increases for the London Living Wage. The decrease in average salary cost per employee is due to a 20% reduction in salary for all those earning £37,500 and above from May 2020 as a response to the impact of the Covid-19 pandemic.

Included in the wages and salaries are termination and redundancy payments of £417,179 (for 52 week period ended 25 August 2019: £790,199) that left employment up to 30th August 2020. A further £5,816,342 of termination and redundancy payments were accrued at the year-end for roles at risk of redundancy as part of the restructure announcement. See Note 15 for further details. All termination and redundancy costs are included in total payroll costs of £64.3m, as above.

18. Staff numbers and costs (continued)

The emoluments of all employees, including employees whose emoluments exceeded £60,000 for the period, fell within the following bands:

| | | | Number of staff 53 week period ended 30-Aug-20 | | | Number of staff 52 week period ended 25-Aug-19 | | |
|----------|---------|----------|---|---------------------------------------|-------|---|---------------------------------------|-------|
| | | | Performers | Artistic and General Management | Total | Performers | Artistic and General Management | Total |
| up to | £59,999 | | 195 | 777 | 972 | 156 | 759 | 915 |
| £60,000 | - | £69,999 | 49 | 22 | 71 | 53 | 27 | 80 |
| £70,000 | - | £79,999 | 13 | 6 | 19 | 30 | 10 | 40 |
| £80,000 | - | £89,999 | 7 | 4 | 11 | 15 | 3 | 18 |
| £90,000 | - | £99,999 | 2 | - | 2 | 5 | 1 | 6 |
| £100,000 | - | £109,999 | 2 | 2 | 4 | 1 | 3 | 4 |
| £110,000 | - | £119,999 | 2 | 2 | 4 | 1 | 1 | 2 |
| £120,000 | - | £129,999 | 1 | 1 | 2 | 3 | 2 | 5 |
| £130,000 | - | £139,999 | 3 | - | 3 | 3 | - | 3 |
| £140,000 | - | £149,999 | 2 | - | 2 | 3 | 1 | 4 |
| £150,000 | - | £159,999 | - | 3 | 3 | - | 2 | 2 |
| £160,000 | - | £169,999 | 1 | - | 1 | 1 | 1 | 2 |
| £170,000 | - | £179,999 | - | 1 | 1 | - | 1 | 1 |
| £190,000 | - | £199,999 | - | 1 | 1 | - | - | - |
| £200,000 | - | £209,999 | - | - | - | - | 1 | 1 |
| £260,000 | | £269,999 | - | 1 | 1 | - | - | - |
| £290,000 | | £299,999 | - | - | - | - | 1 | 1 |
| £390,000 | - | £399,999 | - | 1 | 1 | - | - | - |
| £720,000 | - | £729,999 | - | - | - | - | 1 | 1 |
| | | | 277 | 821 | 1,098 | 271 | 814 | 1,085 |

Emoluments comprise wages and salaries together with benefits in kind.

For employees in bandings from £60,000 and above, contributions of £700,737 (*for 52 week period ended 25 August 2019: £893,469*) were made during the period to defined contribution pension schemes.

Retirement benefits were accruing to 125 (*25 August 2019: 167*) of the above employees under defined contribution pension schemes, and to nil (*25 August 2019: nil*) under a defined benefit pension scheme.

18. Staff numbers and costs (continued)

Emoluments for the key management personnel are as follows:

| | | | | | | 53 week period ended 30-Aug-20 |
|---|----------------|----------------|----------------------------|----------------|------------------------------|---|
| | Salary (£) | Fees (£) | Total Emoluments (£) | Pension (£) | National Insurance (£) | Total (£) |
| Sir Antonio Pappano, Music Director | 68,760 | 321,720 | 390,480 | 5,833 | 53,091 | 449,404 |
| Alexander Beard, CBE, Chief Executive | 268,189 | - | 268,189 | - | 35,810 | 303,999 |
| Kevin O'Hare, Director, The Royal Ballet | 193,794 | - | 193,794 | 18,999 | 25,544 | 238,337 |
| Oliver Mears, Director of Opera | 171,901 | - | 171,901 | 6,698 | 22,523 | 201,122 |
| | 702,644 | 321,720 | 1,024,364 | 31,530 | 136,968 | 1,192,862 |

| | | | | | | 52 week period ended 25-Aug-19 |
|---|----------------|----------------|----------------------------|----------------|------------------------------|---|
| | Salary (£) | Fees (£) | Total Emoluments (£) | Pension (£) | National Insurance (£) | Total (£) |
| Sir Antonio Pappano, Music Director | 115,000 | 613,742 | 728,742 | 10,875 | 99,392 | 839,009 |
| Alexander Beard, CBE, Chief Executive | 297,000 | - | 297,000 | - | 39,812 | 336,812 |
| Kevin O'Hare, Director, The Royal Ballet | 201,332 | - | 201,332 | 19,793 | 26,610 | 247,735 |
| Oliver Mears, Director of Opera | 170,000 | - | 170,000 | 5,867 | 22,286 | 198,153 |
| | 783,332 | 613,742 | 1,397,074 | 36,535 | 188,100 | 1,621,709 |

Emoluments for Sir Antonio Pappano comprise a salary and separately contracted fees for conducting and directing, respectively. The total level of fees varies season to season depending on the number of Royal Opera House engagements undertaken.

Key management personnel are reflected in the table above. Their compensation for the 52 week period ended 30 August 2020 included emoluments of £1.024m (52 week period ended 25 August 2019: £1.397m) which together with pension costs of £31,530 (52 week period ended 25 August 2019: £36,535) and employer contributions to national insurance of £136,968 (52 week period ended 25 August 2019: £188,100) came to £1.19m (52 week period ended 25 August 2019: £1.62m). Key management personnel also include Trustees who receive no compensation as detailed in Note 30. Key management personnel do not include all of the Executive Team as listed in the Trustees' report.

19. Profit on disposal of operations

Royal Opera House Enterprises Limited, the wholly owned trading subsidiary, entered into an agreement to sell the Opus Arte business (the label) on 3 September 2018. The effective date of the transaction was 31 October 2018. The profit on disposal of the sale was £2,257k. The discontinued operation generated revenue of £448k (see Note 7). This income has not been disclosed as a discontinued operation in the consolidated financial statements as it is not considered to be a major line of business.

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20. Net Gains on investments and on revaluation of heritage assets

| | 53 week period ended 30-Aug-20 £'000 | 52 week period ended 25-Aug-19 £'000 |
|--|---|---|
| Endowment Funds | | |
| Realised gains on disposal of investments | 1,759 | 1,295 |
| Unrealised (loss) / gain on revaluation of investments | (1,990) | 497 |
| | | |
| (Loss) / Gains on investment assets | (231) | 1,792 |

| | 53 week period ended 30-Aug-20 £'000 | 52 week period ended 25-Aug-19 £'000 |
|---|---|---|
| Unrestricted Funds | | |
| Unrealised (loss) / gains on revaluation of heritage assets | (3,739) | 9,000 |
| | | |
| (Loss) / Gains on heritage assets | (3,739) | 9,000 |

21. Intangible fixed assets

| | Investment in Programming | Computer Software | Total |
|--------------------------|------------------------------|-------------------|--------------|
| Group | £'000 | £'000 | £'000 |
| Cost | | | |
| At beginning of period | 12,372 | 5,982 | 18,354 |
| Additions | 1,376 | 96 | 1,472 |
| | | | |
| At end of period | 13,748 | 6,078 | 19,826 |
| | | | |
| Amortisation | | | |
| At beginning of period | 11,724 | 4,632 | 16,356 |
| Amortisation for period | 1,758 | 335 | 2,093 |
| | | | |
| At end of period | 13,482 | 4,967 | 18,449 |
| | | | |
| Net book value | | | |
| At 30 August 2020 | 266 | 1,111 | 1,377 |
| | | | |
| At 25 August 2019 | 648 | 1,350 | 1,998 |

21. Intangible fixed assets (continued)

| | Investment in Programming | Computer Software | Total |
|---|------------------------------|-------------------|--------------|
| Charity Cost | £'000 | £'000 | £'000 |
| At beginning of period | 15,224 | 5,982 | 21,206 |
| Additions | 1,376 | 96 | 1,472 |
| At end of period | 16,600 | 6,078 | 22,678 |
| Amortisation | | | |
| At beginning of period | 14,576 | 4,632 | 19,208 |
| Amortisation for period | 1,758 | 335 | 2,093 |
| At end of period | 16,334 | 4,967 | 21,301 |
| Net book value At 30 August 2020 | 266 | 1,111 | 1,377 |
| At 25 August 2019 | 648 | 1,350 | 1,998 |

22. Tangible fixed assets

| | Freehold premises | Assets in the course of construction | Equipment & vehicles | Total |
|---|----------------------|---|----------------------|----------------|
| Group Cost | £'000 | £'000 | £'000 | £'000 |
| At beginning of period | 210,553 | 1,536 | 88,472 | 300,561 |
| Additions | 153 | 6,598 | 2,311 | 9,062 |
| Transfers | - | 1,257 | (1,257) | - |
| Disposals | (173) | - | (38) | (211) |
| At end of period | 210,533 | 9,391 | 89,488 | 309,412 |
| Depreciation and diminution in value | | | | |
| At beginning of period | 49,233 | - | 54,167 | 103,400 |
| Charge for period | 6,167 | - | 3,235 | 9,402 |
| Disposals | (31) | - | (23) | (54) |
| At end of period | 55,369 | - | 57,379 | 112,748 |
| Net book value At 30 August 2020 | 155,164 | 9,391 | 32,109 | 196,664 |
| At 25 August 2019 | 157,032 | 1,536 | 38,592 | 197,160 |

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| | Freehold premises £'000 | Assets in the course of construction £'000 | Equipment & vehicles £'000 | Total £'000 |
|---|-------------------------------|--|-------------------------------|----------------|
| Charity Cost | | | | |
| At beginning of period | 210,553 | 1,536 | 88,450 | 300,539 |
| Additions | 153 | 6,598 | 2,311 | 9,062 |
| Transfers | - | 1,257 | (1,257) | - |
| Disposals | (173) | - | (38) | (211) |
| At end of period | 210,533 | 9,391 | 89,466 | 309,390 |
| Depreciation and diminution in value | | | | |
| At beginning of period | 49,233 | - | 54,145 | 103,378 |
| Charge for period | 6,167 | - | 3,235 | 9,402 |
| Disposals | (31) | - | (23) | (54) |
| At end of period | 55,369 | - | 57,357 | 112,726 |
| Net book value At 30 August 2020 | 155,164 | 9,391 | 32,109 | 196,664 |
| At 25 August 2019 | 157,032 | 1,536 | 38,592 | 197,160 |

Assets in the course of construction represents projects in progress and equipment received but not placed in service before the period end (£9.4m).

In 2013, a fixed and floating charge lasting 30 years was provided as security for the potential repayment obligations under a grant of £10m from Arts Council England for capital projects.

In October 2014, a first deed of mortgage over the Bob and Tamar Manoukian Costume Centre and by way of first fixed charge, all its present and future plant and machinery on or serving the Property (apart from the mortgage charge) and the rents (*if any*) was provided as security for a loan of £1.5m from the Thurrock Borough Council. The current balance of the loan is £1.37m. The net book value of the Bob and Tamar Manoukian Costume Centre at 30 August 2020 was £4.3m (*25 August 2019: £4.4m*).

As part of the actuarial valuation of the pension scheme (see Note 32), the Trustee secured a charge on the Royal Opera House's main self-occupied property to help cover the cost of transferring the Scheme's liabilities to an insurance company (*up to the amount of £65.3m*) if the Royal Opera House became insolvent.

23. Investments

(a) Group: The following investments were held through the Royal Opera House Endowment Fund 2000 at period end:

| | Group | Group |
|---|------------------|-----------|
| | 30 August | 25 August |
| | 2020 | 2019 |
| | £'000 | £'000 |
| Held with investment managers: | | |
| - Venture funds | 358 | 340 |
| - Quoted equities | 18,381 | 24,331 |
| - Hedge funds | 291 | 527 |
| - Bonds | 8,882 | 8,000 |
| - Cash funds | 7,171 | 4,140 |
| - Gold | 3,501 | 1,811 |
| Total investment with Investment Managers | 38,584 | 39,149 |

Movements in investments held with investment managers:

| | Listed investments | Other investments | Total 30 August 2020 |
|--------------------------------------|-------------------------------|------------------------------|-------------------------------------|
| | £'000 | £'000 | £'000 |
| Endowment Funds | | | |
| Fair value at beginning of period | 38,003 | 1,146 | 39,149 |
| Additions (at cost) | 1,997 | | 1,997 |
| Disposals | (1,980) | (350) | (2,330) |
| Net realised and unrealised gains | (209) | (23) | (232) |
| Fair value at end of the period | 37,811 | 773 | 38,584 |
| Historical cost at end of the period | 32,569 | 761 | 33,330 |
| | Listed investments | Other investments | Total 25 August 2019 |
| | £'000 | £'000 | £'000 Total |
| Endowment Funds | | | |
| Fair value at beginning of period | 35,549 | 1,096 | 36,645 |
| Additions (at cost) | 997 | | 997 |
| Disposals | (285) | | (285) |
| Net realised and unrealised gains | 1,742 | 50 | 1,792 |
| Fair value at end of the period | 38,003 | 1,146 | 39,149 |
| Historical cost at end of the period | 28,909 | 761 | 29,670 |

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(b) Charity: The following were the subsidiary undertakings of Royal Opera House Covent Garden Foundation as at 30 August 2020:

| Subsidiary undertaking | Country of incorporation | Principal activity | Percentage of shares held |
|---------------------------------------|---------------------------------|--|----------------------------------|
| ROH Holdings Limited | UK | Holding company | 100% |
| ROH Developments Limited | UK | Property development | 100% |
| ROH Pension Trustee Limited | UK | Trustee company | 100% |
| ROH Productions Limited | UK | Theatre productions | 100% |
| Royal Opera House Enterprises Limited | UK | Catering / Sponsorship / Multimedia production and distribution/ Retail / Venue Hire / Licensing of brand | 100% |

The issued share capital in ROH Holdings Limited (which is the holding company for ROH Developments Limited) is 2 £1 shares.

ROH Pension Trustee Limited is a non-trading subsidiary. The issued share capital is 100 £1 shares.

ROH Productions Limited has been dormant since incorporation.

The issued share capital in Royal Opera House Enterprises Limited is 125,987 £1 shares (*125,987 £1 shares at 25 August 2019*). The remaining balance is related to the original acquisition of Royal Opera House Enterprises Limited.

The Royal Opera House Endowment Fund 2000 is a connected charity of the Royal Opera House Covent Garden Foundation. See Note 2 for further details.

Investment in Royal Opera House Enterprises Limited:

| Unrestricted Funds | Charity 30 August 2020 £'000 | Charity 25 August 2019 £'000 |
|--------------------------------|---|---|
| Cost | | |
| At beginning and end of period | 6,676 | 6,676 |
| Net book value | | |
| At beginning of period | 6,676 | 6,676 |
| | <hr/> | <hr/> |
| At end of period | 6,676 | 6,676 |
| | <hr/> | <hr/> |

24. Heritage assets

(a) Tangible fixed assets – heritage assets

| | Fine art | Costumes & accessories | Other collections | Total 30 August 2020 |
|--|---------------|------------------------|-------------------|----------------------|
| Unrestricted Funds Group and Charity Cost or valuation | £'000 | £'000 | £'000 | £'000 |
| At beginning of period | 17,874 | 1,477 | 1,179 | 20,530 |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| Revaluation | (3,725) | - | (14) | (3,739) |
| At end of period | 14,149 | 1,477 | 1,165 | 16,791 |
| At beginning of period | 17,874 | 1,477 | 1,179 | 20,530 |

The external valuers for the Royal Opera House, Mark Peters, Senior General Valuer and Siobhan Tyrell, Jewellery Specialist and Senior General Valuer of Gurr Johns, valued the entirety of the fine art collection in August 2018, on the basis of retail replacement values (RRV). RRV represents the value used for insurance, based on replacement in the retail market, or where appropriate in the second-hand retail market with items of a similar nature, age, condition and quality.

Included in the fine art collection is a painting by David Hockney, Portrait of Sir David Webster with Tulips. At August 2020 the painting was revalued from £15m to £11.275m reflecting an estimated valuation of between £10-£12m placed on it by Christie's for the planned sale of the painting. In October 2020 the painting was sold at auction to David Ross, the former Chair of the Royal Opera House. Refer to Note 30 for details of the sale of this painting.

Costumes and accessories and other collections have internal valuations. Where the valuation is internal, it has been provided by Julia Creed, Head of Collections. Julia Creed has a Master's degree in Archives and Records Management and has worked as an archivist at the Royal Opera House since 2004; since April 2015 she has been Head of Collections.

(b) Five year financial summary of heritage asset transactions:

| Unrestricted Funds | 30 August 2020 £'000 | 25 August 2019 £'000 | 26 August 2018 £'000 | 27 August 2017 £'000 | 28 August 2016 £'000 |
|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Purchases/Commissions | | | | | |
| Fine art | - | - | - | - | - |
| Costumes & accessories | - | - | - | - | - |
| Other collections | - | 12 | - | - | - |
| Donations | | | | | |
| Fine art | - | - | - | - | - |
| Costumes & accessories | - | - | - | - | - |
| Other collections | - | - | - | - | - |
| Total additions | - | 12 | - | - | - |

24. Heritage assets (continued)

(c) Further information on Heritage Assets:

The Royal Opera House maintains three collections as follows:

The fine art collection consists of paintings, other pictures and drawings, furniture, furnishings, sculpture and pottery that have been donated and are on public display throughout the Royal Opera House.

The costumes and accessories collection consists of over 4,000 individual items worn by artists at the Royal Opera House. The collection contains some items from the late 19th and early 20th centuries, but most date from 1946 to the present. The majority of the collection is costumes, with a sizeable number of hats, headdresses and jewellery, and a growing number of shoes, boots and wigs.

Other collections include photographic collections, design collections, a portrait of Pavarotti and an autographed Donizetti score for *Elisabetta*, none of which are on permanent public display.

All assets are maintained and managed through the heritage asset register which is overseen by the Head of Collections.

Most new acquisitions are made through donation. A limited number of acquisitions are purchased where assets enhance the overall collections maintained by the charity. The Royal Opera House would not normally dispose of any heritage assets in their normal course of business.

The preservation of assets is the responsibility of the Head of Collections who holds an annual budget to maintain the quality of the assets.

The Charity exhibits assets throughout the Opera House and through exhibitions. In addition, many assets may be viewed electronically through the catalogue website at www.rohcollections.org.uk.

25. Stocks

| | Group 30 August 2020 £'000 | Group 25 August 2019 £'000 | Charity 30 August 2020 £'000 | Charity 25 August 2019 £'000 |
|------------------|---|---|---|---|
| Goods for resale | 422 | 303 | - | - |
| | 447 | 303 | - | - |

During the 53-week period ended 30 August 2020, £650,524 (52 week period ended 25 August 2019: £650,800) of stock was expensed through the Statement of Financial Activities.

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26. Debtors

| | Group 30 August 2020 | Group 25 August 2019 | Charity 30 August 2020 | Charity 25 August 2019 |
|---|----------------------------|----------------------------|------------------------------|------------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Amounts due after more than one year | | | | |
| Finance lease debtor | 5,430 | 5,430 | - | - |
| Amounts due from subsidiary and associated undertakings | - | - | 600 | 800 |
| Prepayments | 1,330 | 1,805 | - | - |
| | 6,760 | 7,235 | 600 | 800 |
| | | | | |
| | Group 30 August 2020 | Group 25 August 2019 | Charity 30 August 2020 | Charity 25 August 2019 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts due within one year | | | | |
| Trade debtors | 4,198 | 6,188 | 3,473 | 4,300 |
| Amounts due from subsidiary and associated undertakings | - | - | 2,074 | 5,480 |
| Accrued income | 12,612 | 9,741 | 12,376 | 8,464 |
| Prepayments | 1,374 | 1,224 | 1,091 | 927 |
| Finance lease debtor | 270 | 270 | 84 | 92 |
| | 18,454 | 17,423 | 19,098 | 19,263 |

Amounts due from subsidiary and associated undertakings after more than one year in the Charity represent a loan from Royal Opera House Covent Garden Foundation to Royal Opera House Enterprises Limited, with interest charged at a rate of 2% above the Bank of England base rate.

The expected repayments on the loan are as follows:

| | Capital | Interest | Total 52 Week Period Ended 30-Aug-20 £'000 |
|--------------------------------------|------------|-----------|---|
| | £'000 | £'000 | £'000 |
| Due within one year | 200 | 22 | 222 |
| Due between one year and two years | 200 | 17 | 217 |
| Due between two years and five years | 200 | 17 | 217 |
| | 600 | 56 | 656 |

The finance lease debtor represents a 5% income interest in the leases for the retail units on the site of the Royal Opera House.

Reconciliation between gross investment in a lease and the present value of minimum lease payments receivable is as follows:

| | Group 30 August 2020 £'000 | Group 25 August 2019 £'000 |
|--|-------------------------------------|-------------------------------------|
| Gross investment in a finance lease at the end of the period | 59,782 | 60,056 |
| Unearned finance income for the period | (54,082) | (54,356) |
| | 5,700 | 5,700 |
| Present value of minimum lease payments at the end of the period | 5,700 | 5,700 |

26. Debtors (continued)

The expected maturity of the gross investment in a lease and present value of the minimum lease payments receivable is as follows:

| | Gross investment in a finance lease £'000 | Present value of minimum lease payments £'000 |
|---|--|--|
| Not later than one year | 270 | 258 |
| later than one year and not later than five years | 1,081 | 922 |
| later than five years | 58,431 | 4,520 |
| | <hr/> | <hr/> |
| | 59,782 | 5,700 |
| | <hr/> | <hr/> |

There are no unguaranteed residual values accruing to the lessor and no accumulated allowance for uncollectible minimum lease payments. Contingent rents were £53k (52 week period ended 25 August 2019: £66k).

27. Creditors

Amounts falling due within one year

| | Group 30 August 2020 £'000 | Group 25 August 2019 £'000 | Charity 30 August 2020 £'000 | Charity 25 August 2019 £'000 |
|--|-------------------------------------|-------------------------------------|---------------------------------------|---------------------------------------|
| Trade creditors | 2,833 | 1,754 | 2,807 | 1,686 |
| Taxation and social security | 1,724 | 3,068 | 1,724 | 3,068 |
| Accruals | 20,027 | 14,582 | 19,912 | 14,238 |
| Deferred income | 9,502 | 19,770 | 9,170 | 19,306 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 34,086 | 39,174 | 33,613 | 38,298 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | Group 30 August 2020 £'000 | Group 25 August 2019 £'000 | Charity 30 August 2020 £'000 | Charity 25 August 2019 £'000 |
| Deferred income at start of period | 19,770 | 21,965 | 19,306 | 21,684 |
| Box office receipts, subscription and donations received | 48,813 | 68,873 | 43,091 | 58,624 |
| Released to statement of financial activities | (59,081) | (71,068) | (53,227) | (61,002) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Deferred income at end of period | 9,502 | 19,770 | 9,170 | 19,306 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Comprising: | | | | |
| Advanced bookings | - | 9,765 | - | 9,765 |
| Subscriptions and donations | 6,309 | 8,640 | 6,309 | 8,640 |
| Other deferred income | 3,193 | 1,365 | 2,861 | 901 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

27. Creditors (continued) Amounts falling due after one year

| | 52 Week Period Ended 30-Aug-20 £'000 | 52 Week Period Ended 25-Aug-19 £'000 |
|--|--|--|
| Balance at the beginning of the year | 1,405 | 1,443 |
| Amounts repaid | (102) | (102) |
| Interest payable | 62 | 64 |
| | <hr/> | <hr/> |
| Balance at the end of the year | 1,365 | 1,405 |
| Less amounts disclosed in creditors: amounts falling due within one year | - | - |
| | <hr/> | <hr/> |
| Balance at the end of the year falling due after one year | 1,365 | 1,405 |
| | <hr/> | <hr/> |

The table below shows the amounts and timings of repayments due under the terms of the loan.

| | Capital | Interest | Total | Capital | Interest | Total |
|--------------------------------------|---------|----------|--|---------|----------|--|
| | | | 52 Week Period Ended 30-Aug-20 £'000 | | | 52 Week Period Ended 25-Aug-19 £'000 |
| Due within one year | 43 | 59 | 102 | 40 | 62 | 102 |
| Due between one year and two years | 45 | 57 | 102 | 43 | 59 | 102 |
| Due between two years and five years | 147 | 160 | 307 | 254 | 53 | 307 |
| Due after five years | 1,130 | 409 | 1,539 | 1,033 | 504 | 1,537 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 1,365 | 685 | 2,050 | 1,370 | 678 | 2,048 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

In October 2014, a first deed of mortgage over the Bob and Tamar Manoukian Costume Centre and by way of first fixed charge, all its present and future plant and machinery on or serving the Property (apart from the mortgage charge) and the rents (*if any*) was provided as security for a loan of £1.5m from the Thurrock Borough Council. The current balance of the loan is £1.37m. The net book value of the Bob and Tamar Manoukian Costume Centre at 30 August 2020 was £4.3m (25 August 2019: £4.4m).

28. Statement of Funds – Group

| | At 25 August 2019 | Incoming Resources | Outgoing Resources | Other gains/ (losses) | Transfers | At 30 August 2020 |
|--|----------------------|-----------------------|-----------------------|-----------------------------|----------------|-------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Unrestricted General fund | 4,546 | 98,891 | (109,046) | - | 10,024 | 4,415 |
| Unrestricted Revaluation fund | 11,447 | - | - | (3,739) | - | 7,708 |
| Unrestricted Designated funds: | | | | | | |
| Unrestricted Fixed Asset Fund | 185,997 | - | - | - | (1,062) | 184,935 |
| Unrestricted Heritage Asset Fund | 9,084 | - | - | - | - | 9,084 |
| Unrestricted Future Projects Fund | 12,674 | - | - | - | (7,030) | 5,644 |
| Unrestricted Funds before pension reserve | 223,748 | 98,891 | (109,046) | (3,739) | 1,932 | 211,786 |
| Unrestricted: pension scheme liability | (28,350) | - | (353) | (7,601) | - | (36,304) |
| Total unrestricted funds | 195,398 | 98,891 | (109,399) | (11,340) | 1,932 | 175,482 |
| Restricted funds: | | | | | | |
| Thurrock Capital Fund | 9,537 | - | - | - | (308) | 9,229 |
| Production Fund | - | 4,847 | (4,847) | - | - | - |
| Coronavirus Job Retention Scheme | - | 12,416 | (12,416) | - | - | - |
| Open Up Project Fund | - | 500 | - | - | (500) | - |
| Arts Council England Bridge programme fund | 322 | 732 | (664) | - | - | 390 |
| Arts Council England China skills exchange | 183 | - | (19) | - | - | 164 |
| ROH Holdings Limited | 105 | - | - | - | - | 105 |
| Endowment Restricted Income Fund | 3,834 | 463 | (155) | 156 | (1,124) | 3,174 |
| Special Projects | 92 | - | (9) | - | - | 83 |
| Total restricted funds | 14,073 | 18,958 | (18,110) | 156 | (1,932) | 13,145 |
| Endowment funds | 43,647 | 167 | - | (387) | - | 43,427 |
| Total funds | 253,118 | 118,016 | (127,509) | (11,571) | - | 232,054 |

Unrestricted Funds: Unrestricted funds are segregated between general funds (representing free reserves and unrestricted general funds held in trading subsidiaries) and designated funds. The three designated funds at period end were the Fixed Asset Fund which is set at a level equivalent to the charity's fixed assets and intangible fixed assets (plus approved capital expenditure in the 19/20 season carried over to the 20/21 season), the Heritage Asset Fund which is equivalent to the charity's heritage assets and the Designated Future Projects Fund. The Designated Future Projects Fund represents funds earmarked for specific future projects. The pension scheme liability is disclosed in accordance with FRS 102.

Restricted Funds: The Thurrock Capital Fund has been established to hold funding received in the development of both the Bob and Tamar Manoukian Production Workshop and the Bob and Tamar Manoukian Costume Centre in Thurrock. The Production Fund represents donations received which are restricted for the purpose of specific productions. The Open Up Project Fund has been established to hold funding received towards the Open Up Project, a capital project intended to enhance audiences' experience of our work and inspire wider interest and engagement. The Bridge Programme Fund represents funding received from Arts Council England for improving the delivery of arts opportunities for children and young people, acting as a bridge between the arts and education sectors in Thurrock, Essex, Southend, Hertfordshire, Bedfordshire, Luton and North Kent. The Endowment Restricted Income Fund represents funds expendable on specific purposes as required by donors.

Endowment Funds: The balance above represents restricted capital reserves held by ROH Endowment Fund 2000.

28. Statement of Funds (continued) – Charity

| | At 25 August 2019 | Incoming Resources | Outgoing Resources | Other gains/ (losses) | Transfers | At 30 August 2020 |
|--|----------------------|-----------------------|-----------------------|-----------------------------|--------------|-------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Unrestricted General fund | 4,615 | 90,508 | (99,407) | - | 8,900 | 4,616 |
| Unrestricted Revaluation fund | 11,447 | - | - | (3,739) | - | 7,708 |
| Unrestricted Designated funds: | | | | | | |
| Unrestricted Fixed Asset Fund | 191,776 | - | - | - | (1,062) | 190,714 |
| Unrestricted Heritage Asset Fund | 9,084 | - | - | - | - | 9,084 |
| Unrestricted Future Projects Fund | 12,674 | - | - | - | (7,030) | 5,644 |
| Unrestricted Funds before pension reserve | 229,596 | 90,508 | (99,407) | (3,739) | 808 | 217,766 |
| Unrestricted: pension scheme liability | (28,350) | - | (353) | (7,601) | - | (36,304) |
| Total unrestricted funds | 201,246 | 90,508 | (99,760) | (11,340) | 808 | 181,462 |
| Restricted funds: | | | | | | |
| Thurrock Capital Fund | 9,529 | - | - | - | (308) | 9,221 |
| Production Fund | - | 5,971 | (5,971) | - | - | - |
| Coronavirus Job Retention Scheme | - | 12,416 | (12,416) | - | - | - |
| Open Up Project Fund | - | 500 | - | - | (500) | - |
| Arts Council England Bridge programme fund | 322 | 732 | (664) | - | - | 390 |
| Arts Council England China skills exchange | 183 | - | (19) | - | - | 164 |
| Special Projects | 93 | - | (9) | - | - | 84 |
| Total restricted funds | 10,127 | 19,619 | (19,079) | - | (808) | 9,859 |
| Total funds | 211,373 | 110,127 | (118,839) | (11,340) | - | 191,321 |

29. Share capital

The charity is limited by guarantee and therefore has no share capital. The liability of the members of the charity is limited to £1 each. At 30 August 2020 there were 15 members (25 August 2019: 16).

30. Connected charities and other related party transactions

Connected charities

Royal Opera House Endowment Fund 2000 - registered charity No 1089928

During the period the charity received grants of £2.3m (*52 week period ended 25 August 2019: £2.4m*) from Royal Opera House Endowment Fund 2000 in furtherance of its charitable objectives. At 30 August 2020, the Royal Opera House Endowment Fund 2000 owed £0.1m to the charity (*25 August 2019: £2.2m*).

The above charity is based at the Royal Opera House, Covent Garden, London WC2E 9DD.

Trading subsidiaries

Royal Opera House Enterprises Limited

During the period the charity received a loan repayment of £0.2m (*52 week period ended 25 August 2019: £0.2m*), a royalty payment of £1.5m (*52 week period ended 25 August 2019: £2.1m*) and a gift aid payment of £1.9m (*52 week period ended 25 August 2019: £6.8m*) from Royal Opera House Enterprises Limited. At 30 August 2020, Royal Opera House Enterprises Limited owed £2.0m to the charity (*25 August 2019: £4.0m*).

The above trading subsidiary is based at the Royal Opera House, Covent Garden, London WC2E 9DD.

Royal Opera House Developments Limited

During the period the charity received gift aid payments of £511 (*52 week period ended 25 August 2019: £552*) from Royal Opera House Development Limited in furtherance of its charitable objectives. At 30 August 2020, Royal Opera House Developments Limited owed £0.1m to the charity (*25 August 2019: £0.1m*).

The above trading subsidiary is based at the Royal Opera House, Covent Garden, London WC2E 9DD.

Royal Opera House Holdings Limited

During the period the charity received £5,000 (*52 week period ended 25 August 2019: £5,000*) from Royal Opera House Development Limited in respect of audit fees. At 30 August 2020, Royal Opera House Holdings Limited owed £5,000 to the charity (*25 August 2019: £10,000*).

The above trading subsidiary is based at the Royal Opera House, Covent Garden, London WC2E 9DD.

Other related party transactions

At the Board meeting on 13th October 2020 the Trustees agreed to sell the portrait of Sir David Webster by David Hockney as part of the four point recovery plan. On 22 October 2020 the portrait was sold from the ROH heritage asset collection. Christie's were appointed to sell the painting and ahead of the auction date an independent third party guarantee was secured. The painting sold for £11.275m in a public auction in October 2020. The sale estimate from Christie's was £10-12m and the price realised (hammer price plus buyer's premium net of applicable fees) was £12.865m. In late November 2020, the buyer at auction was publicly announced as the former ROH Chair of Trustees, David Ross.

No other trustee had an interest in any contract or transaction with the charity or its subsidiaries in the period ended 30 August 2020. During the period no trustees received any remuneration from the charity or its subsidiaries and no trustees were reimbursed for personally-incurred expenses which were necessary to carry out trustee duties (2019: nil). The aggregate amount of unrestricted donations received from trustees was £1.982m (*52 week period ended 25 August 2019: £1.523m*). Of this amount, £1.074m (*52 week period ended 25 August 2019: £0.71m*) was received from trustees of the ROH Endowment Fund 2000. The charity undertakes transactions in its normal course of business with its subsidiaries. These transactions are carried out on an arms-length basis.

31. Commitments

(a) The Group has future minimum commitments under non-cancellable operating leases as follows:

| | 30-Aug-20 | 25-Aug-19 |
|---|---------------------------|--------------------|
| | Land and Buildings | Land and Buildings |
| | £'000 | £'000 |
| Operating leases payable: | | |
| Not later than one year | 12 | 23 |
| Later than one year and not later than five years | 5 | 5 |
| Later than five years | 145 | 146 |
| | 162 | 174 |

(b) The group has entered into contracts with guest artists and suppliers in respect of future productions to be staged at the Royal Opera House. Commitments in respect of these contracts which are not reflected in the balance sheet are:

| | 30-Aug-20 | 25-Aug-19 |
|--|------------------|-----------|
| | £'000 | £'000 |
| Less than one year | 58 | 7,733 |
| In the second to fifth years inclusive | 3,746 | 5,814 |
| | 3,804 | 13,547 |

(c) The group has capital commitments for the Fly System project which are not reflected in the balance sheet:

| | 30-Aug-20 | 25-Aug-19 |
|--|------------------|-----------|
| | £'000 | £'000 |
| Less than one year | 2,447 | 3,561 |
| In the second to fifth years inclusive | - | 1,910 |
| | 2,447 | 5,471 |

32. Pension scheme

The Royal Opera House operates a defined benefit pension scheme, the Royal Opera House Pension Scheme. The Scheme's funds are administered by the Trustee and are independent of the ROH's finances. Contributions are paid to the Scheme in accordance with the Schedule of Contributions agreed between the Trustee and the ROH.

The group also contributes to five defined contribution schemes. Two are sponsored by Arts Council England and Equity (for dancers and singers) and one by the Musicians' Union (for musicians). Two further defined contribution scheme arrangements exist for other staff groups. Contributions to these and other schemes amounted to £2.960m (52 week period ended 25 August 2019: £3.047m).

Following the actuarial valuation as at 5 April 2012, the Trustee and ROH agreed to reduce the exposure to future pension risk by freezing Pensionable Salary for any pension accrued after 30 April 2013. As part of the actuarial valuation, the Trustee secured a charge on the ROH's main self-occupied property to help cover the cost of transferring the Scheme's liabilities to an insurance company (up to the amount of £65.3m) if the ROH became insolvent.

The funding plan is for the Scheme to hold assets equal to the value of the benefits earned by employees, based on a set of assumptions used for funding the Scheme. The funding assumptions differ from the assumptions used to calculate the figures for these accounts, and therefore produce different results. If there is a shortfall against this funding plan, then the Royal Opera House and Trustee agree on deficit contributions to meet this deficit over a period. As a part of the actuarial valuation with an effective date of 5 April 2018 the Trustee and the Royal Opera House have agreed that the Royal Opera House will make contributions to the scheme of £0.85m per annum from 30 April 2018 until 31 January 2037, increasing by 3.5% per annum. As a result of the Covid-19 pandemic, the contributions due in April and July 2020 have been deferred. The Royal Opera House also makes contributions of £0.3m per annum to cover the expenses of running the Scheme.

The results of the formal actuarial valuation as at 5 April 2018 was updated to the accounting date by an independent qualified actuary in accordance with FRS 102, allowing for contributions, benefit payments made, and changes in market conditions. The results, based on assumptions used for FRS102, are as follows:

The amount included in the balance is as follows:

| | 30-Aug-20 | 25-Aug-19 |
|---|-----------|-----------|
| | £'000 | £'000 |
| Fair value of plan assets | 71,544 | 74,796 |
| Present value of defined benefit obligation | (107,848) | (103,146) |
| Net (liability)/asset recognised in the balance sheet | (36,304) | (28,350) |

The movement in net defined benefit liability is as follows:

| | 52 week period ended 30-Aug-20 | 52 week period ended 25-Aug-19 |
|--|--------------------------------|--------------------------------|
| | £'000 | £'000 |
| Opening net defined benefit liability | 28,350 | 19,659 |
| Cost in income or expenditure | 951 | 1,460 |
| Employer contributions | (598) | (1,198) |
| Amount recognised outside profit or loss | 7,601 | 8,429 |
| Closing net defined benefit liability | 36,304 | 28,350 |

32. Pension scheme (continued)

The amounts recognised in income or expenditure, in the Statement of Financial Activities are as follows:

| | 52 week period ended 30-Aug-20 | 52 week period ended 25-Aug-19 |
|---|---|---|
| | £'000 | £'000 |
| Past service cost | - | 512 |
| Administration expenses | 388 | 414 |
| Interest expense | 563 | 534 |
| | | |
| Total expense recognised in income or expenditure | 951 | 1,460 |

Movement in present value of defined benefit obligation is as follows:

| | 52 week period ended 30-Aug-20 | 52 week period ended 25-Aug-19 |
|------------------------------------|---|---|
| | £'000 | £'000 |
| Opening defined benefit obligation | (103,146) | (89,164) |
| Past service cost | - | (512) |
| Interest on obligation | (2,057) | (2,449) |
| Actuarial losses | (5,655) | (13,980) |
| Benefits paid | 3,010 | 2,959 |
| | | |
| Closing defined benefit obligation | (107,848) | (103,146) |

Movement in the fair value of the plan assets is as follows:

| | 52 week period ended 30-Aug-20 | 52 week period ended 25-Aug-19 |
|--|---|---|
| | £'000 | £'000 |
| Opening fair value of plan assets | 74,796 | 69,505 |
| Interest on plan assets | 1,494 | 1,915 |
| Actual return less interest on plan assets | (1,946) | 5,551 |
| Administration expenses | (388) | (414) |
| Contributions by the employer | 598 | 1,198 |
| Benefits paid | (3,010) | (2,959) |
| | | |
| Closing fair value of plan assets | 71,544 | 74,796 |

32. Pension scheme (continued)

The current allocation of the Scheme's assets is as follows:

| | 30-Aug-20 Fair value | 25-Aug-19 Fair value | 26-Aug-18 Fair value |
|--|-------------------------|-------------------------|-------------------------|
| Asset distribution and expected return | £'000 | £'000 | £'000 |
| Equities | 20,270 | 26,251 | 29,024 |
| Bonds | 14,281 | 8,266 | 8,184 |
| Property | 1,626 | 1,730 | 1,721 |
| Diversified Growth Fund | 14,413 | 14,380 | 13,240 |
| Liability Driven Investment Fund | 19,990 | 23,605 | 17,905 |
| Cash and net current assets | 964 | 564 | (569) |
| Total | 71,544 | 74,796 | 69,505 |

The Scheme does not invest directly in property occupied by the charity or in financial securities issued by the charity.

The following table sets out the significant assumptions used for the plan:

| Assumptions | 30-Aug-20 | 25-Aug-19 | 26-Aug-18 |
|---|---------------------|---------------------|---------------------|
| Retail Prices Index Inflation | 2.90% | 3.20% | 3.20% |
| Consumer Prices Index Inflation | 2.10% | 2.10% | 2.10% |
| Discount rate | 1.60% | 2.00% | 2.80% |
| Pension increases (according to increases under the scheme rules) | 2.5/3.3/2.8/2.0% pa | 2.5/3.5/3.1/2.1% pa | 2.5/3.5/3.1/2.1% pa |
| Salary growth | n/a | n/a | n/a |
| Life expectancy of male aged 65 at the accounting date | 21.8 years | 21.7 years | 21.8 years |
| Life expectancy of male aged 65 at 20 years from the accounting date | 23.1 years | 23.0 years | 23.2 years |

Future agreed contributions from the employer to be made to fund the deficit of the defined benefit scheme are as follows:

| | £'000 |
|--------------------------------------|--------|
| Due within one year | 873 |
| Due between one year and two years | 903 |
| Due between two years and five years | 2,904 |
| Due after five years | 15,005 |

Following the High Court judgement in the Lloyds Bank Group court case on 26 October 2018, the defined benefit obligation has been increased to make allowance for the additional liabilities expected to arise as a result of GMP equalisation. Given the current uncertainties around the eventual cost of removing inequalities due to GMPs, the allowance is only an estimate.

33. Cash flows

a) Reconciliation of net outgoing resources to net cash inflow from operating activities

| | 52 Week Period Ended 30-Aug-20 | 52 Week Period Ended 25-Aug-19 |
|---|---|---|
| | £'000 | £'000 |
| Net expenditure for the reporting period | (9,724) | (2,113) |
| Defined benefit pension scheme expense | 353 | 262 |
| Investment and finance interest expense | (1,297) | (1,704) |
| Interest payable | 62 | 64 |
| Gains / (Losses) on investments | 232 | (1,792) |
| Depreciation charge | 9,402 | 8,808 |
| Amortisation of intangible fixed assets | 2,093 | 2,388 |
| Loss on disposal of heritage asset | - | 31 |
| Profit on disposal of operations | - | (2,257) |
| Decrease / (Increase) in productions in preparation | 1,712 | (867) |
| (Increase) / Decrease in stock | (119) | 277 |
| Increase in debtors | (554) | (1,185) |
| Decrease in creditors | (5,095) | (3,159) |
| | | |
| Net cash provided by operating activities | (2,935) | (1,247) |

b) Cash outflow from investing activities

| | 52 Week Period Ended 30-Aug-20 | 52 Week Period Ended 25-Aug-19 |
|---|---|---|
| | £'000 | £'000 |
| Capital expenditure on tangible fixed assets | (8,901) | (4,970) |
| Capital expenditure on intangible fixed assets | (1,472) | (2,831) |
| Additions of investment (at cost) | (1,997) | (997) |
| Capital expenditure on heritage assets | - | 12 |
| Disposals of investments | 2,330 | 286 |
| Proceeds from disposal of operations | - | 2,257 |
| Finance lease interest and contingent rents received | 270 | 270 |
| Interest income received | 1,027 | 1,434 |
| Redemption / (Investment) of Short term Investments: Deposits | 12,500 | (2,000) |
| | | |
| Net cash used in investing activities | 3,757 | (6,563) |

33. Cash flows (continued)

c) Cash inflow from financing activities

| | 52 Week Period Ended 30-Aug-20 £'000 | 52 Week Period Ended 25-Aug-19 £'000 |
|---|---|---|
| Cash outflow on repayment of borrowings | (102) | (102) |
| Net cash used in financing activities | (102) | (102) |

d) Reconciliation of cash at bank and on hand per Charity's balance sheet and cash and cash equivalents per Group's cash flow statement

| | Unrestricted | Restricted | Total 30 August 2020 £'000 |
|---|---------------------|-------------------|---|
| | £'000 | £'000 | £'000 |
| Cash at bank and in hand per Charity's balance sheet | 20,440 | - | 20,440 |
| Cash at bank and in hand in group undertakings | | | |
| ROH Endowment Fund 2000 | 1,768 | 1,029 | 2,797 |
| Royal Opera House Enterprises Limited | 192 | - | 192 |
| Royal Opera House Holdings Limited | - | - | - |
| Royal Opera House Developments Limited | - | 371 | 371 |
| Cash and cash equivalents per Group's cash flow statement | 22,400 | 1,400 | 23,800 |

| | Unrestricted | Restricted | Total 25 August 2019 £'000 |
|---|---------------------|-------------------|---|
| | £'000 | £'000 | £'000 |
| Cash at bank and in hand per Charity's balance sheet | 17,830 | - | 17,830 |
| Cash at bank and in hand in group undertakings | | | |
| ROH Endowment Fund 2000 | 2,097 | 2,243 | 4,340 |
| Royal Opera House Enterprises Limited | 539 | - | 539 |
| Royal Opera House Holdings Limited | - | - | - |
| Royal Opera House Developments Limited | - | 371 | 371 |
| Cash and cash equivalents per Group's cash flow statement | 20,466 | 2,614 | 23,080 |

33. Cash flows (continued)

d) Reconciliation of net debt

| | At 27 August 2019 | Cash flows | At 30 August 2020 |
|--|----------------------|-----------------|-------------------|
| | £000 | £000 | £000 |
| Cash | 23,080 | 720 | 23,800 |
| Cash equivalents | 12,500 | (12,500) | - |
| | 35,580 | (11,780) | 23,800 |
| Loans falling due within one year | (102) | 102 | (102) |
| Loans falling due after more than one year | (2,050) | - | (1,948) |
| Finance lease obligations | - | - | - |
| TOTAL | 33,428 | (11,678) | 21,750 |

34. Financial Instruments

Carrying amount, income, expense, gains and losses of the Group's Financial Instruments

| Group | Carrying Amount | Income earned | | | Carrying Amount | Income earned | | |
|--|--|---|---|---|--|---|---|---|
| | Group 30 August 2020 £'000 | Interest income/ (expense) £'000 | Dividend income/ (expense) £'000 | Net gains/ (losses) including changes in fair value £'000 | Group 25 August 2019 £'000 | Interest income/ (expense) £'000 | Dividend income/ (expense) £'000 | Net gains/ (losses) including changes in fair value £'000 |
| Measured at fair value through Statement of Financial Activities | | | | | | | | |
| Financial Assets | 38,584 | - | 863 | (232) | 39,149 | - | 1,212 | 1,793 |
| Investments | 38,584 | - | 863 | (232) | 39,149 | - | 1,212 | 1,793 |
| Measured at undiscounted cash receivable/(payable) | | | | | | | | |
| Financial Assets | 31,279 | 164 | - | - | 45,730 | 222 | - | - |
| Trade debtors | 4,199 | - | - | - | 6,188 | - | - | - |
| Accrued income & Other Debtors | 3,280 | - | - | - | 3,962 | - | - | - |
| Cash and cash equivalents | 23,800 | - | - | - | 23,080 | - | - | - |
| Short term investments: Deposits | - | 164 | - | - | 12,500 | 222 | - | - |
| Financial Liabilities | (22,860) | - | - | - | (16,336) | - | - | - |
| Trade creditors | (2,833) | - | - | - | (1,754) | - | - | - |
| Accruals | (20,027) | - | - | - | (14,582) | - | - | - |
| Measured at amortised cost | | | | | | | | |
| Financial Liabilities | (1,365) | (62) | - | - | (1,405) | (64) | - | - |
| Mortgage loan | (1,365) | (62) | - | - | (1,405) | (64) | - | - |

34. Financial Instruments (continued)

Financial assets carried at fair value (Investments) are measured at the quoted market price in an actively traded market. All investments are managed by reputable investment managers. Of the carrying amount at 30 August 2020 of £38.6m (25 August 2019: £39.1m), £18.0 (25 August 2019: £15.2m) are invested in markets outside of the UK. The changes to the fair value of those investments are all as a result of market risk (including foreign exchange risk). Immaterial amounts are due to credit risk. An immaterial liquidity risk exists due to the remote risk of not being able to repatriate funds.

Carrying amount, income, expense, gains and losses of the Charity's Financial Instruments

| Charity | Carrying Amount | Income earned | | | Net gains/ (losses) | Carrying Amount | Income earned | | | Net gains/ (losses) |
|---|-------------------|----------------------------|----------------------------|---------------------------------|---------------------|----------------------------|----------------------------|---------------------------------|-------------------|---------------------|
| | Charity 30 August | Interest income/ (expense) | Dividend income/ (expense) | including changes in fair value | Charity 25 August | Interest income/ (expense) | Dividend income/ (expense) | including changes in fair value | Charity 25 August | |
| | 2020 | (expense) | (expense) | fair value | 2019 | (expense) | (expense) | fair value | 2019 | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | |
| Measured at undiscounted cash receivable/(payable) | | | | | | | | | | |
| Financial Assets | 29,032 | 193 | - | - | 42,884 | 259 | - | - | - | - |
| Trade debtors | 3,474 | - | - | - | 4,300 | - | - | - | - | - |
| Amounts due from subsidiary and associated undertakings | 2,074 | 7 | - | - | 5,480 | 6 | - | - | - | - |
| Accrued income & Other Debtors | 3,044 | - | - | - | 2,685 | - | - | - | - | - |
| Cash and cash equivalents | 20,440 | - | - | - | 17,830 | - | - | - | - | - |
| Short term investments: Deposits | - | 186 | - | - | 12,500 | 253 | - | - | - | - |
| Financial Liabilities | (22,719) | - | - | - | (15,924) | - | - | - | - | - |
| Trade creditors | (2,807) | - | - | - | (1,686) | - | - | - | - | - |
| Accruals | (19,912) | - | - | - | (14,238) | - | - | - | - | - |
| Measured at amortised cost | | | | | | | | | | |
| Financial Assets | 600 | 28 | - | - | 800 | 33 | - | - | - | - |
| Amounts due from subsidiary undertaking | 600 | 28 | - | - | 800 | 33 | - | - | - | - |
| Financial Liabilities | (1,365) | (62) | - | - | (1,405) | (64) | - | - | - | - |
| Mortgage loan | (1,365) | (62) | - | - | (1,405) | (64) | - | - | - | - |

The financial asset measured at amortised cost above represents an inter-company loan between Royal Opera House Enterprises Limited (as borrower) and its holding company, Royal Opera House Covent Garden Foundation (Limited by Guarantee), entered into in January 2010. The unsecured loan bears interest at 2% above the Bank of England base rate, which management assess to be a commercial rate of interest. Due to the commercial rate of interest, the present value of the future cash flows approximates the carrying amount and thus the loan presents no current pricing risk. As the interest rate is a variable rate, the lender and borrower are exposed to interest rate risk.

35. Short term investments: Deposits

| | Group 30-Aug-20 £'000 | Group 25-Aug-19 £'000 | Charity 30-Aug-20 £'000 | Charity 25-Aug-19 £'000 |
|----------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Short term investments: Deposits | - | 12,500 | - | 12,500 |

36. Consolidated statement of financial activities for the 52 week period ended 25 August 2019

| | | | | | 52- week period ended 25-Aug-19 |
|--|-------|--------------------------------------|---------------------------|--------------------------|------------------------------------|
| | Note | Total Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total Funds £'000 |
| Income and endowments from: | | | | | |
| Charitable activities | | | | | |
| Operation of Royal Opera House (including box office) | 3 | 58,930 | - | - | 58,930 |
| Donations and legacies | | | | | |
| Donations, legacies and similar incoming resources | 6 | 20,078 | 7,087 | 1,985 | 29,150 |
| Grants from Arts Council England | 4 | 24,029 | 727 | - | 24,756 |
| Other trading activities | | | | | |
| Commercial trading income | 7 | 18,161 | - | - | 18,161 |
| Investments | 8 | 1,028 | 676 | - | 1,704 |
| Total income and endowments | | 122,226 | 8,490 | 1,985 | 132,701 |
| Expenditure on: | | | | | |
| Charitable activities | | | | | |
| Productions, sales and operations | 9 | (113,910) | (6,986) | - | (120,896) |
| Raising Funds | | | | | |
| Generating voluntary income | 11 | (4,742) | (156) | - | (4,898) |
| Commercial activities | 12 | (13,005) | - | - | (13,005) |
| Interest payable | 16,27 | (64) | - | - | (64) |
| Total expenditure | 16 | (131,721) | (7,142) | - | (138,863) |
| Profit on disposal of operations | | 2,257 | - | - | 2,257 |
| Net gains on investment | | - | 198 | 1,594 | 1,792 |
| Net income / (expenditure) | | (7,238) | 1,546 | 3,579 | (2,113) |
| Taxation | 37 | - | - | - | - |
| Transfers between funds | 17 | 2,546 | (2,546) | - | - |
| Net income / (expenditure) after transfers and before other recognised gains and (losses) | | 11,931 | (5,517) | 1,000 | 7,414 |
| Other recognised gains and (losses) | | | | | |
| Gains on revaluation of heritage assets | 20,24 | 9,000 | - | - | 9,000 |
| Actuarial loss on the defined benefit pension scheme | 32 | (8,429) | - | - | (8,429) |
| Net movement in funds | | (4,121) | (1,000) | 3,579 | (1,542) |
| Fund balances brought forward at 26 August 2018 | | 199,519 | 15,073 | 40,068 | 254,660 |
| Fund balances carried forward at 25 August 2019 | 28 | 195,398 | 14,073 | 43,647 | 253,118 |

37. Taxation

UK corporation tax charge and relief of £367,408 has arisen in Royal Opera House Enterprises Limited in the period in respect of current year profits (52 week period ended 25 August 2019: tax charge and relief of £1,316,779). No deferred tax has arisen in the period (52 week period ended 25 August 2019: nil).

38. Post Balance Sheet Events

As a response to the financial impact of the Covid-19 pandemic the decision was taken prior to the end of the 18/19 financial year to sell one of the Royal Opera House's heritage assets, a painting by David Hockney entitled "*Portrait of Sir David Webster*". The sale estimate from Christie's was £10-12m. At the balance sheet date an assessment was made to revalue the Hockney at £11.275m, an unrealised loss of £3.725m. Therefore the revaluing of the Hockney painting has been treated as an adjusting post-balance sheet event. The painting sold for £11.275m in a public auction in October 2020 and the price realised (hammer price plus buyer's premium net of applicable fees) was £12.865m. In late November 2020, the buyer at auction was publicly announced as the former ROH Chair of Trustees, David Ross.

In December 2020 the Royal Opera House successfully secured a term repayable finance facility of £21.7m from the UK Government, via its Cultural Recovery Fund, to support the Group's funding shortfall across the period 2020 to 2023 so that the Group can seek to return to financially sustainable operations by 27th August 2023. The finance agreement was signed in January 2021 and the facility was fully drawn down in March 2021. The facility is interest bearing at 2% per annum and repayable in 33 equal instalments paid twice-yearly over a 16 year period from December 2024. The facility is unsecured, but has certain on-going non-financial covenants and conditions attached to it.

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THANK YOU

The Royal Opera House gratefully acknowledges the generosity of all those who have provided support this period, including:

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