

**CHARITY NUMBER 243877
COMPANY NUMBER 00358266**

**GLYNDEBOURNE PRODUCTIONS LIMITED
(LIMITED BY GUARANTEE)
AND SUBSIDIARY**

**TRUSTEES' ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**



**GLYNDEBOURNE PRODUCTIONS LIMITED
(LIMITED BY GUARANTEE)**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

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The Trustees have pleasure in presenting their Annual Report, including the Report of the Trustees together with the Strategic Report under the Companies Act 2006. The accompanying accounts include the consolidated results and balance sheet of Glyndebourne Productions Limited ("GPL") and its trading subsidiary, Glyndebourne Enterprises Limited ("GEL") for the year ended 31 December 2019.

OBJECTIVES AND ACTIVITIES

The Company was incorporated in 1939 with the objective under the Memorandum & Articles of Association of "the promotion of aesthetic education and the cultivation and improvement of public taste in music, opera or the other arts and the doing of all such other things as are incidental to the attainment of the above objects".

Our mission to realise this objective is:

- to create world-class transformative operatic experiences;
- to remain financially independent;
- to engage broad audiences; and
- to create a stimulating and inspirational environment for all.

The principal activities undertaken to achieve this comprise:

- an annual **Festival** of live opera at Glyndebourne;
- a national **Tour** providing live opera of the highest possible standard to a broad-ranging audience at more accessible prices;
- a year-round **education** programme comprising youth and community programmes (including regular youth opera groups for local children, performances for schools and colleges, and work with people with Dementia and their carers), funded in such a way as to ensure that participants, regardless of wealth, are able to participate, talks and events for audiences and the development of new work; and
- **media development** - investment in the filming and audio recording of live opera to maximise opportunities for wider audience engagement at more affordable prices or for free through a variety of sources including radio, television, the internet, DVD and cinema.

The commercial activities of merchandising, production sale and hire and the sale of surplus electricity generated by GPL's wind turbine are undertaken through GPL's trading subsidiary, GEL, incorporated in 2000, to generate an alternative income stream to support the Charity's core objectives.

Public Benefit

The Trustees have given due consideration to the Charity Commission's general guidance on public benefit and are satisfied that our objectives, strategy, future plans and activities, as noted above and further referenced under the four core objectives in the Strategic Report, fall within the charitable purpose of "the advancement of the arts, culture, heritage of science" as required by the Charities Act 2011.

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In setting out above the principal activities undertaken by the Charity to achieve its objective and mission the Trustees consider there to be clearly identifiable benefits of the Charity, which are closely related to its aims.

Glyndebourne's aims are intended to benefit the public generally, rather than a specific section of it. The opportunity afforded by specific areas of activity are outlined in more detail under ACHIEVEMENTS AND PERFORMANCE below.

STRATEGIC REPORT

COVID-19

Following the decision by the UK Government, recorded in the Prime Minister's statement of 16 March 2020, to advise the population to stop all unnecessary contact with others and stop all unnecessary travel and, in particular, to avoid "pubs, clubs, theatres and other such venues" because of the occurrence of the notifiable infectious disease COVID-19, on 17 March the decision was announced to postpone the start of the 2020 Festival from 21 May to 14 July. From the beginning of March, the executive directors had been meeting on a daily basis to monitor likely implications of the spread of COVID-19 and had agreed a contingency plan with the Trustees. By Friday 20 March, the Directors and Trustees had concluded that whilst many teams were already working from home, there were too many staff on site doing too many jobs in which it was impossible to socially-distance effectively, resulting in communication to the Company on Sunday 22 March that the site was closed with immediate effect. The Government announced full lockdown from 23 March and arrangements were made to support staff in collecting personal effects and equipment to enable them to work effectively from home, so that by the end of the week only those people required to fulfil insurance and other statutory requirements were allowed on site.

The Directors have continued to meet daily, reporting regularly to the Board of Trustees. Significant scenario planning took place to determine the critical path for delivering a reduced Festival in addition to financial implications and how this would be funded. Following the Government's announcement on 20 March of the Coronavirus Job Retention Scheme, "furlough", Glyndebourne furloughed 70% of staff and has retained all permanent and seasonal permanent staff. However, with the impact of the pandemic worsening, having been in lockdown for over three months at the date of this report, and indications from the Government that social-distancing measures are going to be in place for many months to come including at the point that larger social gatherings such as theatre may be permitted, on 5 May, following consultation with Trustees, the decision was announced to cancel the 2020 Festival. In conjunction with this, all staff were advised of a reduction in pay with effect from 1 June until at least 31 August, the end of the Festival. The net cost of cancelling the Festival will be substantial, running into millions of pounds,, resulting from the loss of box office, partly offset by cost savings arising from the termination of contracts for seasonal staff and freelancers. Recognising the significant number of people facing a devastating loss of livelihood as a result of being forced into this decision, Glyndebourne made a commitment to look after all of these people as far as possible. The Glyndebourne COVID-19 fund was launched when the Festival was originally postponed, with ticket buyers being encouraged to convert ticket income to donations upon which gift aid can now be claimed. We have also received generous contributions from many of our longstanding and loyal donors and supporters. This fund will be used to make goodwill compensation payments to all seasonal staff and

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freelancers, whilst also contributing to ensure that the Charity can continue in business and retain all permanent staff.

The Directors and Trustees are of the view that the impact of COVID-19 will last longer and have a more damaging impact than initially anticipated, taking into account the demographics of the Glyndebourne audience, uncertainty around desire to return to the theatre, economic impact on donors, and Glyndebourne's financial independence. Scenario planning undertaken to date for the 2020 Tour recognised that the cost of touring to the five regular venues away from Glyndebourne compounded by the impact of social distancing measures on box office, plus the potential audience fear to return to the theatre, and the risk that those theatres will not be in a position to operate by the Autumn, and led to the decision announced on 19 June that we will not visit our touring venues in 2020, but that we still hope to present tour performances at Glyndebourne in Autumn 2020. A decision will be made by mid-July. Cash flow forecasts have been prepared to 2026 based on the assumptions that Festival box office income is likely to fall short of original budget for at least the next two years, compounded by the risk that fundraising income could also be lower. With a potentially significant multi-million pound cash outflow forecast over the next 3 years, work is underway to identify significant cost savings, recognising the imperative to continue to deliver the highest quality opera.

In 2001 when a serious outbreak of Foot and Mouth disease in the UK put the Festival at risk, reserves amounted to less than £8 million at that time, significantly lower than one year's operating costs. If the Festival had been cancelled, it is highly unlikely that the Charity would have survived. A commitment was made to build reserves to the level that would ensure the Charity's long term sustainability should such a situation arise in the future. As at 31 December 2019, cash and investments amounted to £45 million, of which £31 million could be used to contribute to Glyndebourne's future and to cover the substantial operational cash outlays over the 2020-22 period as noted above. Compounded by success in having bank borrowings confirmed under the Government Coronavirus Business Interruption Loan Scheme to protect cash flow during periods of financial market uncertainty that might negatively affect valuations of the Charity's investment portfolio, and recognising the need to do things quite differently for the foreseeable future, the Board of Trustees and Directors are confident that Glyndebourne will continue in business.

And to ensure that we continue to engage with loyal members and donors over the summer, in addition to building new audiences, *Glyndebourne Open House* has been launched, digitally and on site comprising:

- a programme of curated digital material including a weekly series "Peaceful Moments", where an artist shares a folk song close to their heart, and a weekly broadcast of a full length opera, with added value material and the opportunity to create a Glyndebourne event at home.
- *Open Gardens*, opening the Glyndebourne gardens to visitors and, subject to restrictions, some form of musical entertainment and picnics over the course of the summer.

ACHIEVEMENTS AND PERFORMANCE

The four key strands to our business model, the Festival, Tour, Education and Media Development all contribute to our four core objectives. None of these objectives can be achieved in isolation - we will only be able to continue to deliver the highest quality operatic experience to as many people as possible,

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whether live or digitally, if we have the appropriate financial resources in place to do so. The post balance sheet events surrounding the impact of COVID-19 are dealt with later in the report.

1) Create world-class transformative operatic experiences

GPL's global reputation stems from a passion for artistic excellence. Founder John Christie insisted on "doing not the best that we can do but the best that can be done anywhere". For over eighty years that has remained GPL's touchstone as recognised by some of the awards and nominations - shortlisted in two categories at the 2019 International Opera Awards - the Festival 18 production of *Vanessa* was shortlisted in the New Production category and the Opus Arte DVD release of *Hamlet* was shortlisted in the Recording (Complete Opera) category.

We strive to provide the best possible environment for artists with a long rehearsal period, world-class coaching and a strong culture of nurture. Emerging artists are offered development opportunities through both the Tour and our extensive understudy programme. Our Chorus is world-renowned, with all members being appraised annually in order to maintain artistic standards, and a well-established Chorus development scheme, offering selected choristers the opportunity for additional coaching and solo concert performances. GPL (and its audiences) are noted for their sense of adventure with programmes balancing well-known repertoire with less familiar works, both old and new, including British premieres and new commissions. Festival 2019 was no exception with new productions of Berlioz's *La damnation de Faust* and Mozart's *Die Zauberflöte* and Massenet's *Cendrillon* making its Festival debut from the 2018 Tour, alongside revivals of *Rusalka*, *Rinaldo* and *Il barbiere di Siviglia*.

The Tour opened with a new production of Verdi's *Rigoletto*, along with revivals of Handel's *Rinaldo* and Donizetti's *L'Elisir d'amore*.

During 2019 there were four choristers selected to receive a full programme of training and performance opportunities through the Jerwood Chorus development scheme. Two choristers, including one of the Jerwood Young Artists, were funded to join the National Opera Studio for additional training, subsidised through the NGP.

The highlight of the Education programme in 2019 was the world premiere of Howard Moody's community opera *Agreed*, performed on the main stage at Glyndebourne in March. A chorus of 75 adults and 25 young people drawn from the local community performed alongside a stellar cast of principals, with accompaniment from an orchestra including players from the OAE and talented young instrumentalists, all under the direction of the composer. The resulting piece was both an artistic success, garnering critical praise for the community chorus especially, and also a transformative experience for those taking part. *Agreed* went on to win the inaugural YAM Award (Young Audiences Music) for Best Participatory Project in October 2019. *Agreed* was closely followed by another world premiere in May of *Eye to Eye*, a Brighton Festival commission about motherhood/childhood featuring new choral music by Howard Skepmtton and jazz by Byron Wallen, produced in partnership with Glyndebourne. Another community chorus of 85 mothers, grandmothers and children from Brighton and surrounding communities, many of whom had never sung or performed before, were trained and rehearsed by our creative team before taking part in a unique performance at Brighton Dome. Many of those taking part found the experience to be emotionally significant even life-changing. 2019 also saw the return of Glyndebourne Academy with 8 exceptional young singers selected for intensive development throughout the year after a process which reached 40 auditionees and a group of 16

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‘finalists’. The year ended with superb seasonal performances from GYO choristers at the Glyndebourne Christmas Concerts and by our first ever secondary schools choir to an audience of thousands at the annual Brighton & Hove Schools Concert.

2) Remain financially independent

Glyndebourne’s commitment to doing “the best that can be done anywhere” has earned it a loyal following, enabling it to preserve its financial independence. However, we are not complacent about the challenges ahead with increased audience choice, an uncertain economic climate, and the need to invest to maintain our competitive edge from an artistic, audience and staff perspective. We made a strategic decision to keep ticket prices flat for the three years 2017, 2018 and 2019, which with costs increasing annually due to inflation and the Festival receiving no public subsidy, puts increasing pressure on box office income and fundraising, which together fund over 90% of annual operating costs.

The 2019 Festival fell short of our box office target of 94.5% by 2.2%, representing a cash shortfall of £373k. Despite missing target we were delighted that three of the six Festival productions exceeded their respective box office targets, with all performances of *Die Zauberflöte* being sold out. We were delighted to recruit 502 new Associate Members (ASMs) in 2019 (target 500). We are mindful of the impact even a small reduction in the box office result can have on reserves and therefore the vulnerability to price sensitivity. Festival ticket prices are set at a level to fund annual operating costs, with the Festival bearing all fixed costs associated with operating the Charity. This is essential in ensuring the financial viability of the Tour and education activity, key contributors to GPL’s strategy to make our work available to broader audiences.

Fundraising and memberships

Income from our supporters includes membership subscriptions and fundraising income, generated from sponsorships and other donations, legacies, and associated gift aid. We are increasingly mindful of our potential over-reliance on both our loyal members and generous supporters, predominantly individuals, who, in addition to giving much needed and generous support to our Festival productions, also support the Annual Fund and the New Generation Programme, supporting a wide range of additional activity including filming, the ticket subsidies for our Under 30s programme and performances for schools, and other audience and artist development activity.

The £6.9m investment in the new Production Hub, which opened in February 2019, was made possible as a result of unrestricted legacy income built up over recent years, reserved to invest at the Board’s discretion, which enabled us to move forwards with confidence, effectively using those funds to underwrite the shortfall of £2.5m in fundraising for the project. We had started fund-raising for and were due to embark on our next large scale capital project, the replacement and automation of our 26 year old backstage systems at a budgeted cost of £7 million over the next 5 years, but with the impact of the COVID-19 pandemic, this programme will have to be deferred.

Unrestricted legacy income received in 2019 amounted to £461k (2018: £614k), providing an additional valuable source of income. We continue to recognise and thank those generous and forward-thinking individuals who have decided to leave a gift to GPL in their will through the living legacy programme, the John Christie Society, which provides the opportunity for individuals to become more involved with the Charity.

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Whilst the Festival receives no public subsidy, both the Tour and Education activity rely heavily on Arts Council England support, with an annual grant of £1,629,055 committed to 2022. This grant covers around 30% of the projected direct annual costs of GPL's Tour and its education programme, with the balance being raised through ticket sales, the support of members, donors and sponsors, and continued subsidy from the Festival.

We certainly do not take this valued support for granted and are constantly working to expand our pool of donors and to ensure that the Charity's resources are used responsibly to best effect.

Governance

We aim to be transparent in everything we do, including how we raise and spend donors' money. In order to achieve the objective of remaining financially independent, GPL solicits funding support from individuals, trusts and corporate contacts. The majority of these supporters are already GPL members and have an established relationship with the Charity. Policies and procedures for the solicitation of funds are appropriate, well-understood, and monitored and reviewed on a regular basis. Each solicitation is based on a planned and authorised cultivation strategy. This strategy includes the method of approach, the sequencing of funding requests and the plan for thanking, following up and cultivating for further gifts. In developing the strategy data protection policies, and other relevant legislation and best practice, are followed and the solicitation process is fully tracked on our CRM system.

GPL engages the expertise of a fundraising consultant to provide development and public relations services under a contract prepared in accordance with Part II of the Charities Act 1992, to further increase the Charity's presence in America and develop Glyndebourne America Inc.

GPL management and Trustees treat the relationship with donors and approach to fundraising very seriously and are pleased to note that there were no related complaints received in the year. We continue to review all of our fundraising practice and policies to ensure that all relevant legislation and best-practice guidelines are complied with. Specifically, we comply with the Fundraising Code of Practice, the Information Commissioner's Office Direct Marketing guidelines, the General Data Protection Regulations that came into force in May 2018 and are registered with the Fundraising Regulator. Furthermore, we have reviewed data protection statements across all of our communication channels. We want our donors to be proud to support Glyndebourne, not to feel pressured into donating, and we endeavour not to contact anyone that doesn't want us to. We take our supporters' requests and the protection of their personal data very seriously. We never swap or sell their data nor do we use third party fundraisers or profiling companies. Our supporters can choose what communications they receive from us and how we contact them; they can amend their choices or opt out of our communications at any time. All of our fundraising and customer service staff follow best-practice guidelines for dealing with vulnerable people.

Other income

Theatre Tax Relief (TTR), introduced by the Government in 2014 with the objective of boosting employment in the Arts, continues to generate a welcome additional source of income which the Trustees have designated in support of future capital investment.

Commercial activity undertaken by the wholly-owned subsidiary, Glyndebourne Enterprises Ltd ("GEL"), merchandising, production hire and the generation and sale of electricity produced by the GPL turbine, provides a valuable source of income to the Charity in meeting its objective to remain

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financially independent. For the year ended 31 December 2019, GEL generated a profit of £1.4m (2018: £1.4m), including TTR, with £1.4m (2018: £1.9m) gifted to the Charity during the year.

Whilst we continue to make every effort to achieve box office and fundraising targets each year, and bring in additional income through other revenue generating activities, we equally recognise the importance of cost control in remaining financially independent. As part of our budgeting and reforecasting process we routinely scrutinise our cost base and challenge ourselves to find more efficient ways of working to ensure that our core financial objectives continue to be met.

3) Engage broad audiences

Glyndebourne engages with audiences in a variety of ways, be it live at Glyndebourne or our regular touring venues, participation through one of our Education programmes or digital engagement through media development. The Charity aims to include everyone by maximising the reach, engagement and diversity of people who experience Glyndebourne.

During the 2019 Festival over 88,000 tickets were sold for 77 performances, achieving just over 92% of gross potential sales income. This included nearly 2,500 top price seats sold to those aged 30 and under for £30 each as part of the Under 30s audience development programme, the discounted ticket price primarily being funded by the NGP. The development of new audiences is critical both to sales generation and the development of potential future members. In 2019 there were 3,100 new to database ticket bookers for the Festival, consistent with 2018, and 502 new Associate Members were recruited for Festival 2020 compared to 437 for Festival 2019. In addition to this we recruited 345 under 40s into our new Fortissimo Membership which was launched as a pipeline to Associate Membership. Our target for this is 1,000 Members in four years.

The Tour 2019 box office was above target achieving 81.5% of gross potential (93% at Glyndebourne), against an overall target of 78%. We reached an audience of more than 43,000 people over 43 performances across six venues. This included 2,815 tickets to school children through our NGP funded Performances for Schools, and over 5,000 concessionary tickets to young people or those in receipt of benefits.

Over 48,000 people engaged with Glyndebourne's year round Education programme (16,000 participants and 32,000 audience). A wide range of opportunities again being provided to a broad cross section of the public, often free to the participant, funds having been raised through Arts Council England, the NGP and a range of Trusts, Foundations and individuals to support the programme. The work comprises youth and community work, including subsidised performances and workshops for children and young people at Glyndebourne and the touring venues, projects based on the art form for people with dementia and their carers, in community centres, and in local schools with specific focus on schools with less access to arts and music provision.

Media development facilitates the distribution of Glyndebourne's work through television, DVD/Blu-ray, cinema broadcasts and online streams, enabling the Charity to reach and engage with as broad an audience as possible, helping to break down barriers, including those associated with cost and location. Audio-visual recordings were made of three of the Festival productions during 2019, *Cendrillon*, *Die Zauberflöte* and *Rusalka*. *Cendrillon* and *Die Zauberflöte* were screened live at 163 cinemas in the UK, along with a pre-recorded broadcast of *Il barbiere di Siviglia*, reaching an audience

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of just over 20,000. The recordings were also streamed online for free through our media partnership with The Telegraph and our own website, reaching nearly 48,000 viewers. *Die Zauberflöte* was aired on BBC4 on Christmas Day, achieving viewing figures of 102,000.

Additional content in the form of short films, facebook live streams, podcasts and interactive digital guides was produced over the Festival and made available for free both on the GPL website and with partners throughout the year.

4) Create a stimulating and inspirational environment for all

The Charity strives to make Glyndebourne a stimulating and inspirational environment for staff, artists, audience and everyone else we engage with. Its continued employment of inspirational directors, world-class orchestras and performers, and the ongoing drive to commission new work, now go hand in hand with digital innovations such as online streaming to reach new audiences.

From a staff perspective, the Charity aims to inspire and enable all company members to fulfil their potential in line with GPL's four strategic objectives. Our mission to do 'not the best that we can do, but the best that can be done anywhere' requires a culture where everyone is enabled to perform their best, produce their best, and participate in Glyndebourne's continued journey. During 2019 we undertook a 'cultural audit', working with partners from Teneo, who carried out interviews with all our senior leaders and managers, to gather their views on what it is like here on a good day - and a bad day. Before the results of that were looked at, our senior leadership team spent a day offsite, defining the sort of culture we would need if we want to deliver on our Strategic Objectives. We considered the gaps between where we are now and where we would like to be and identified actions to start to close them. Those actions are well underway and form one of our strategic priorities for 2020. Shaping our culture is key for our strategic objective of 'Creates a stimulating and inspirational environment for all' and aims to make Glyndebourne a better place to work, or indeed the *best* place to work.

Furthering our commitment to create a safe working environment for all, we are continuing to invest in skills development for our managers, as well as provide out of line management support for colleagues. We have recently trained 14 members of staff as Mental Health First Aiders who are there to listen, support and be able to signpost professional help. We have also signed up to the Guardians Network, a programme set up by the Old Vic, which offers a confidential outlet for colleagues to share concerns about behaviour at work and have recently internally appointed and trained 5 'Guardians.'

From an audience and artist perspective, the charity aims to provide a positive experience over and above the opera itself, mindful of the need to maintain our competitive edge and maintain the quality experience for all who engage with GPL. Post show questionnaires are sent to all ticket bookers with a very high response rate, helping to inform future investment. During 2019 we continued to implement new initiatives to enhance the customer experience including a refurbishment of the Plashetts building that our audiences use upon arrival, new improved lighting and designated pathways in the main car park, additional front of house staff to assist visitors as they arrive, and improvements to the main marquee.

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FINANCIAL REVIEW

The COVID-19 pandemic that reached the UK in early 2020, resulting in the country going into lockdown in mid-March, has fundamentally changed the financial environment both for Glyndebourne and the rest of the world. Whilst the UK economic environment had remained challenging in all areas of income generation through 2019, compounded by the number of country house venues performing opera growing and increasing competing demands on audience's time and disposable income, the financial challenges that we all face a year later look very different.

Despite previous challenges, total incoming resources for the 2019 financial year, before Theatre Tax Relief ("TTR"), amounted to £31.9m (2018: £31.2m). As in previous years, box office income and fundraising continue to account for 80-90% of GPL's incoming resources before TTR. Box office income amounted to £17.5m (2018: £16.8m), reflecting a higher number of performances across the Festival and Tour. Income from membership subscriptions, donations, legacies and grants fell to £8.9m (2018: £9.3m including £0.4m of fundraising income from the Tour 50th anniversary gala). Within this, fundraising income restricted to major capital projects was in line with 2018, with £0.5m of legacies received towards the backstage automation project (2018: £0.4m donations for Production Hub). Other sources of income contributed a further £5.5m (2018: £5.1m), the key components being retail, programme sales, catering, hire of productions, electricity generation from the Glyndebourne wind turbine and media sales, with investment income contributing a further £177k (2018: £158k). The increase in these other income streams is primarily related to higher catering revenue reflecting more performances.

Total operating costs increased year on year to £32.7m (2018: £31.3m). Direct production costs increased to £17.5m (2018: £16.6m) reflecting higher numbers of performances across the Festival and the Tour, and artistic and technical requirements of the repertoire. Costs of delivering the Education programme increased to £0.8m (2018: £0.3m) due to the triennial community opera commission *Agreed*. With the construction of the new Production Hub reaching completion and being brought into use in early 2019, depreciation charges increased to £1.4m (2018: £1.2m). Fundraising costs reduced to £1.0m (2018: £1.2m) with higher costs incurred in 2018 as a result of the Tour 50th anniversary celebration event.

TTR provided for the year amounted to £1.4m (2018: £1.4m). With gains on investments amounting to £4.2m (2018: £0.6m), this has resulted in net income for the year of £4.7m (2018: £1.9m).

Asset returns within the pension scheme held up better than expected in 2019, which combined with a reduction in the present value of the liabilities, has resulted in an actuarial gain on the defined benefit pension scheme of £2.6m (2018: £2.1m). As in 2018, the surplus has not been recognised in accordance with the principles of FRS 102 regarding recoverability of the pension scheme asset. Given the surplus in the scheme and the results of the most recent triennial valuation, as at 5 December 2017, the £2.6m designated reserve, formally required in conjunction with sectionalisation of the scheme in 2008 to meet the pension scheme liability was released by the Trustees in 2018, in favour of these reserves being available to underwrite continued investment in the Charity. This position will be revisited in conjunction with the next triennial valuation as at 5 December 2020 in light of the COVID-19 pandemic impact on world markets.

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The combination of investment gains of £4.2m and TTR of £1.4m has resulted in a strengthening of our balance sheet over the past year with total consolidated reserves increasing by £4.7m, from £64.2m to £68.9m. The reserves policy on pages 11-12 provides more detail on this.

Net cash and investments at the year-end amounted to £45.4m (2018: £40.7m), the increase resulting from £4.2m investment gains and £0.5m funding received towards the backstage automation project. Cash and investment reserves have been deliberately built up over recent years in preparation for entering a period of capital investment necessary to maintain the theatre, now 26 years old, and the best possible audience experience. These reserves will ensure our ability to survive the impact of COVID-19 but our investment plans will have to be postponed.

Plans for future Periods

The COVID-19 pandemic has had a devastating effect on every sector of the economy with culture and the arts being the hardest hit.

For the past 20 years, it has been one of our core financial objectives to build and maintain our reserves at a level where we could survive a crisis resulting in the cancellation of a Festival. Whilst we could not have predicted the scale and impact of the COVID-19 pandemic, we have had the discipline in place to build our reserves which will enable us to survive. However, our financial independence and corresponding lack of Government funding safety net, does make our financial model perilous - the need to sell 95% of Festival tickets and to raise significant sums each year from generous donors. We strongly believe that it is going to take a few years to get back to this position with the need for strong cost control and finding different ways to maintain our artistic edge in order to minimise the cash outflow in the medium term. As detailed above in the COVID-19 statement, we do not believe there to be a risk to our going concern at this point.

Whilst we had been building reserves for a period of significant investment in our backstage systems and the customer experience, we will have to postpone these plans, whilst ensuring we are doing enough to comply with essential health and safety requirements and ensuring we can continue to deliver the highest quality opera.

The pandemic has had a significant impact on our ability to deliver our artistic vision for 2020 as planned. Our revised plans are detailed above in the COVID-19 statement.

Investment Policy

In accordance with the Articles of Association, the Trustees have delegated authority to the investment managers to manage investments for the Charity in accordance with the mandate laid down by the Trustees. The investment managers report on a regular basis to the Trustees and meet at least once a year with the Audit and Finance Committee. Total funds under management at the year-end amounted to £35.7m (2018: £31.9m).

As at 31 December 2019, £34.7m was invested with Capital Group, £1.0m with Rothschild and a small legacy balance of £3k was held with Morgan Stanley with the funds spread across the following portfolios:

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	2019		2018	
	Market Value of investments £m	Performance YTD %	Market Value of investments £m	Performance YTD %
Capital Group				
Long term reserves	23.5	14.87	20.5	2.16
Capital Projects Fund	5.3	3.70	5.1	6.32
New Generation Programme	5.0	14.87	4.4	2.16
Wood Peters	1.0	9.32	1.1	7.85
Rothschild				
Long term reserves	0.76	24.04	0.61	6.9
New Generation Programme	0.17	24.04	0.14	6.9
Wood Peters	0.06	24.04	0.05	6.9
Total Investments	35.7		31.9	

Whilst the overall objective is long term capital appreciation, the funds have been benchmarked against inflation +3.5% during the year, accepting that it only makes sense to assess performance over long time periods given that in order to achieve this level of return requires a high level of equity exposure and risk of volatility. The long term reserves and the NGP portfolio invested with Capital Group are invested with the objective of achieving long term growth of capital and enhancing the purchasing power of reserves, with the portfolio having significant equity exposure. The fund delivered exceptional performance over the year, generating returns of 14.87% with strong security selection in equities being the main driver of relative gains.

The Capital Projects fund, set up in 2018, is invested in a more conservative manner in a fund which holds high quality global bonds, with the focus on capital preservation with these reserves informally ring fenced with a view to ensuring there are sufficient reserves available to invest in renewing or improving our physical assets and in new capabilities ensuring GPL continues to maintain its artistic standards and meet our core objectives. This fund has outperformed the benchmark since inception with returns of 3.70% in 2019.

The Wood Peters portfolio held with Capital Group is separately invested in a high income growth fund with the objective of generating an agreed level of income annually to support funding requirements for the tour. The fund predominantly invests in emerging market government bonds and corporate high-yield bonds globally. This fund outperformed the benchmark with returns of 9.32%.

The remaining fund held with Rothschild continued to perform well with returns of 24.04% after fees.

Reserves Policy

The financial objective remains to earn sufficient income on a 3 year rolling basis to cover expenditure, whilst generating surplus cash sufficient to build up free reserves to:

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- ensure that we have the funds available to invest in maintaining our competitive edge from an audience, artistic and staff perspective including covering capital requirements over the life of the lease of the Opera House;
- ensure that the Charity continues to be able to meet its liabilities as they fall due, including those in respect of the Charity pension scheme; and
- ensure that the charitable objectives can be met on a long-term basis regardless of short-term disruptions due to economic or other unforeseen circumstances beyond the control of the management.

Free reserves are deemed to be those that are readily realisable, excluding funds whose uses are restricted or designated for particular purposes. The calculation thus excludes property and other fixed assets that will continue to be used in the day-to-day running of the Charity. Reserves preservation remains crucial to ensure the ability to continue to invest in the Charity, its physical assets and to protect against the unpredictable financial impact of circumstances beyond management control such as changing legislation and external economic factors.

As a matter of policy, each year the Trustees review the value of reserves required to be held in investments and cash not restricted to any particular purpose. The Board consider the Charity's exposure to the risk of any significant loss of income, and to the risk of unforeseen expenditure, which cannot be mitigated by executive action, and the degree of risk ascribed to each such event is assessed.

The Charity sets a target level of free reserves each year, which is calculated on the basis of having to fulfil financial commitments and continue in business in a worst case scenario uninsurable event. This takes account of the fact that the Festival receives no public subsidy and is wholly reliant on fundraising and box office - a 5% reduction in Festival box office result would reduce reserves by approximately £800,000, and the fact that there is a significant lead-time in maintaining artistic standards – financial commitments are incurred up to 4 years in advance with the contracting of artists whilst the related income is rarely committed more than a year ahead. The target for 2019 was £11.3m with actual free reserves as at the year-end amounting to £19.9m. As noted above, within the plans for future periods, there has been a focus on building the Charity's free reserves over recent years in readiness for a period of significant capital spend. These plans have been postponed whilst we work to rebuild our reserves through and following the COVID-19 pandemic.

Statement of Funds as at 31 December:

	2019	2018
	£m	£m
Endowment Funds	1.1	1.2
Restricted Funds	6.4	5.7
Tangible Fixed Assets	32.3	32.2
Designated funds	9.2	6.9
Free reserves	<u>19.9</u>	<u>18.1</u>
Unrestricted Funds	<u>61.4</u>	<u>57.2</u>
Total Group Reserves	<u>68.9</u>	<u>64.1</u>

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Having revisited financial budgets for 2020-2022 with far more prudent assumptions (as noted in the COVID-19 statement above) reflecting the impact of COVID-19 on the business, the Trustees have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Principal risks and uncertainties

The Board of Trustees recognises its responsibility for an overall strategy of risk management. This strategy comprises:

- a formal annual review by management of the risks facing the Charity;
- the establishment of systems and procedures to mitigate risks identified;
- the implementation of procedures to minimise the potential impact on the Charity should those risks occur;
- a programme of review and testing of such procedures; and
- formal reporting to the Board on an annual basis of all new risks identified, systems and key staff changes and the controls implemented.

Such procedures are designed to provide reasonable, but not absolute, assurance against material mismanagement or loss. During the year, suitably qualified consultants were employed to undertake a review of IT and cyber security, approach to capital investments, and a fire risk assessment of the new Production Hub. Furthermore, a 5 year internal audit plan has been agreed with the Audit & Finance Committee. The Trustees believe that there is a satisfactory system of well-managed internal controls.

The key specific risks for the foreseeable future, identified through this process, together with mitigation plans comprise:

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Risk	Management
<p>COVID-19 pandemic – risk to financial sustainability due to inability to deliver the artistic programme and/or a significant fall in any income stream (Box Office, fundraising, membership, Arts Council, commercial, Theatre Tax Relief) as a result of the COVID-19 pandemic and the resulting global and national economic uncertainty, turbulence in financial markets, continued social distancing and reduced audience confidence in attending mass scale events.</p>	<ul style="list-style-type: none"> ● Business continuity teams assembled from March 2020 to progress the disaster recovery plan, develop and communicate immediate operational measures. ● Skeleton staff maintaining the site and its security. ● Contracts for Festival 2020 withdrawn from performers and seasonal staff. ● Around 60% of remaining staff placed on furlough in order that GPL can claim under the Government coronavirus job retention scheme. ● Directors and remaining staff working from home. ● Detailed financial scenarios developed for 2020-22. ● An insurance claim, so far refused by insurers, has been made under the business interruption insurance policy. ● Communications with members and wider audiences maintained through email and telephone. ● Working with partners, a digital opera Festival has been produced, some Education activity is continuing online and the online shop is still trading. ● Schedules for the resumption of rehearsal and live performance have been written. ● Appropriate communications with staff, both working and on furlough, have been maintained through email, telephone and video conference calls. ● Plans to ensure the health and safety of staff when the site re-opens have been developed.

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Risk	Management
<p>Reputation of Glyndebourne – perceived drop in the quality and relevance of artistic output, health and safety/security failure, abuse of power or harassment claim, or unsuitable partnership alignment, lack of environmental sustainability awareness, impacting all income streams and our ability to attract talent.</p>	<ul style="list-style-type: none"> • High artistic standards with long term artistic plans and constant monitoring of audience feedback. • Robust management and governance structure for safety issues, staff training and awareness raising, with thorough investigation of any near misses and incidents, risk assessment in place for all events, and use of specialist external support as required. • 10 principles developed by UK Theatre and Society of London Theatre adopted to encourage safer and more supportive working practices in theatre. • Dignity at work training provided during the year and signed up to the Guardians Network initiative (founded by the Old Vic), supported by a culture in which we foster zero tolerance of inappropriate behaviour. • Due diligence and clear policies and processes in place surrounding fundraising activity. • Environmental sustainability initiatives, such as mapping our activities against WHO sustainable development goals and working with ACE partner Julie's Bicycle to measure our carbon footprint.

Risk	Management
<p>Financial sustainability – inability to sustain the programme due to a significant fall in any income stream (Box Office, fundraising, Arts Council, commercial, Theatre Tax Relief) caused by pandemic (specifically COVID-19) reputational issues, competition, drop in public appetite, economic downturn, or other political/social factors, or through poor planning and/or cost control, against a backdrop of increasing costs.</p>	<ul style="list-style-type: none"> • Robust budget process looking ahead 4 years and constant monitoring of repertoire to meet financial objectives. • Contingency planning regarding likely impact of BREXIT • Renewed focus on the Glyndebourne Brand and in ensuring that each element of the unique 'Glyndebourne experience' exceeds visitors' expectations • Deliberate investment over the next few years in order to improve the infrastructure and technology to enable Glyndebourne to maintain its competitive edge and improve the audience experience. • Regular benchmarking against peers and consideration of 'total cost' to the audience. • Alternative fundraising strategies under review to widen the donor pool. • Strategy to engage with broader audiences through advertising and social media, and to deepen the relationship with existing audiences. • Contingency planning to manage costs if sales targets become unachievable. • Contributing to the debate on how the arts contribute to society.

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Risk	Management
Compliance with legislation – risk of non-compliance with legislation or regulatory guidelines.	<ul style="list-style-type: none">• Experienced Board members and executive team, supported by Head of Governance & Compliance and network of external advisors.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Glyndebourne Productions Limited is a company limited by guarantee (company registration no: 00358266) and is registered as a charity (charity registration no: 243877). It is governed by a Memorandum and Articles of Association, which were last amended on 27 June 2019.

Legal and administrative information set out on pages 22-23 form part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, the Companies Act 2006 and the Charities SORP (FRS 102). During 2019 the Board continued to monitor its own governance practice against the seven principles of the Charity Governance Code and recommended practice. The Charity complies with best practice in the Charity Governance Code except in one respect, two members of the Board have served for a period of greater than 9 years. This was a conscious decision by the Board, who believe that the continuity has provided significant value justifying the extended terms. 2019 marked John Botts' 30th year as a Trustee during which time he has provided valuable insight, including advising management on the significant rebuild of the Opera House in 1994; and Louise Flind who has served as a member of the Christie Family and who stepped down at the AGM in June 2019 having given 14 years of valued service. The Board have adopted the principles of the Code, proportionately to the Charity's circumstances, and routinely challenge themselves on areas for improvement/ implementation.

The Board of Trustees is responsible for the overall governance of the Charity. Trustees are elected by the Board, based on a fair recruitment process representative of GPL as an equal opportunities employer, including meetings between prospective candidates and all existing members of the Board. All vacancies are advertised so as to reach a broad range of potential candidates. In accordance with the Articles of Association, the total number may not be less than four nor more than ten. The induction process for new Board members includes the provision of background information, details of the constitution of the Charity and its connected parties, budgets, recent financial statements, minutes of recent Board meetings and papers dealing with key current issues, plus the opportunity for meetings with key executives. Effective partnership between the Trustees and the executive management continues to contribute significantly to the success of the business. Board meetings are held at least three times a year, in addition to an Annual General Meeting, where Trustees review strategy, operational performance and authorise operating plans and budgets. Further strategic reviews are undertaken as and when required for any other purpose.

The Board delegates the exercise of certain powers in connection with the management and administration of the Charity as set out below. This is controlled by regular reporting to the Board, with the delegated authorities being approved by the Board annually.

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Audit and Finance Committee

This Committee meets formally twice a year, and from 2020 will meet three times a year, or more often if necessary. Minutes of these meetings are presented to the Board of GPL for formal ratification. The Committee is charged with reviewing the process and effectiveness of financial reporting, internal control and risk management, external and internal audits, and management of the Charity's investment portfolios. The Committee meets with the external auditors at least annually without any members of the Glyndebourne management in attendance. Furthermore, the Committee ensures that proper procedures are in place to manage cash resources prudently whilst maintaining sufficient funds to meet daily cash requirements. The Committee advises the Board of Trustees on the appropriate level of free reserves and any significant change in investment strategy.

Nominations Committee

The Nominations Committee comprises all non-connected Trustees of the Company. The Committee meets formally at least twice a year and is charged with succession planning and Board appointments.

Remuneration Committee

The Remuneration Committee meets formally at least twice a year and is charged with the review of performance of the executive management team, remuneration and compensation policy.

Development Committee

This Committee was established in 2019 with the primary purpose of broadening the range of funding available to GPL and overseeing the systems and processes in place to ensure ethical fundraising, following best practice and meeting all regulatory requirements. The Committee has assumed responsibilities of the New Generation Programme ("NGP") Committee for governing the NGP. The NGP fund was established in 2009 to provide support for audience and artist development initiatives over and above the core charitable activities.

Directors Group

Gus Christie, Executive Chairman, leads the executive team responsible for the day-to-day management of the Charity. During the year the team comprised Sarah Hopwood, Managing Director; Stephen Langridge, Artistic Director (appointed April 2019); Steven Naylor, Director of Artistic Administration; Eric Gautron, Technical Director; George Bruell, Director of Communications (until June 2019); Richard Davidson-Houston, Director of Audience Development and Media (from November 2019); Andrew Higgins, Director of Development (to December 2019); Helen McCarthy, Director of Development (from January 2020); Donna Marsh, Director of Customer Experience (appointed April 2019); Veronica Brooks, Director of Organisational Development (appointed June 2019); and Lisa Wong, Finance Director (appointed September 2019). The Directors Group continues to report collectively and formally to the Board of Trustees at least three times a year.

The pay of the executive management team is reviewed annually by the Remuneration Committee of the Board, with occasional formal benchmarking against other Arts organisations. Annual pay awards are normally based on cpi and average earnings data, but the Remuneration Committee has the authority to award higher pay reviews should market forces dictate or responsibilities change.

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Group Structure

GPL has a wholly owned trading subsidiary, Glyndebourne Enterprises Limited (“GEL”). The business of the subsidiary continues to comprise merchandising, production sale and hire, the operation of GPL’s wind turbine, as well as being contracted by GPL to produce all of the Festival, Tour and Education productions each year. The objective of the trading subsidiary is to raise funds to support the charitable activities of its holding company.

Connected Charity

Glyndebourne America Inc. (“GA”) was established in 2019 as successor to Glyndebourne Association America (“GAA”), itself established in 1976 for the purpose of attracting support from people and organisations in America who are sympathetically disposed to the promotion of opera. Michael Lynch, Chairman of the Association, and John Botts both remained as Trustees of GA and GAA throughout the year.

Total cash and investments held by GA and GAA at the year-end amounted to \$254k and \$113k, respectively (2018: \$155k held by GAA). No grants were made to GPL during the year by GA or GAA (2018: £224k grants from GAA).

Connected Persons

The relationship between GPL and the Christie family is critical to the long term financial and operational strategy of the Charity. GPL was founded by John Christie, grandfather of Gus Christie, Executive Chairman, in 1934. Since that date the Christie family, John, followed by his son, Sir George Christie and currently Gus Christie, have lived on site in the Mansion House (the “House”), which is not an asset of GPL, and have taken an active role in the management and supervision of the Charity. This relationship with the family is important to members, donors, staff and artists - the Christie’s home, the Mansion House, is used by GPL to accommodate company members for 7 months of the year from the start of Festival rehearsals to the point at which the Tour leaves Glyndebourne which therefore means the family have little privacy. Gus entertains the Company and donors on a regular basis in the House and the Organ Room is open to audiences on every performance day. The gardens, likewise, are open to opera audiences on performance days and to Company members every day of the year. There is a formal agreement in place between GPL and Gus for the sharing of running costs of the House, but no rent is charged to GPL, thus providing significant benefit to GPL in saving the costs of essential accommodation for artists and entertaining space. Furthermore, the Opera House, owned by a Trust of which the family and GPL are beneficiaries, is let to GPL at a peppercorn rent to 2075.

Gus Christie continued to be engaged by the Charity during the year, and attends Board meetings in the capacity of a non-voting advisory trustee. His sister, Louise Flind, stepped down from the Board in June 2019, having been a Trustee of the Charity since February 2005. Details of transactions with the Christie family are set out in Note 18 to the financial statements.

Health, Safety and Safeguarding

The Glyndebourne management and Trustees take the issues of Health, Safety and Safeguarding very seriously. The Charity has a comprehensive health and safety policy which is regularly reviewed, and employs a suitably qualified full-time health and safety officer. Procedures are managed and monitored

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by a committee of safety representatives from all key departments, which reports to the health, safety and safeguarding strategy committee, chaired by the Managing Director and of which several key senior executives are members. The representative committee meets ten times a year and management report formally to the Board on health and safety issues at least once a year. Safeguarding is monitored by a safeguarding committee of representatives from areas of the company working with children and vulnerable adults. It meets three times a year and also reports to the health, safety and safeguarding strategy committee. One Trustee is designated to take the lead on all health, safety and safeguarding matters.

Employee Involvement

The Charity aims to be an organisation that employees enjoy working for, where they feel supported and developed. It operates an open communications policy, informing and seeking the views of its employees through an integrated internal communications plan comprising a range of meeting forums available to all staff. Regular meetings are held with the key recognised unions, BECTU and Equity.

Equality and Inclusion

In accordance with its Equality and Inclusion policy, the Charity aims to be an inclusive organisation offering equality of opportunity to all. We recognise that certain groups of people can experience barriers to access and inclusion. We have a commitment to identify and remove these barriers and fairly and appropriately treat all with due regard to, for example, their age, ethnicity and race, gender, disability, gender identity, sexual orientation, religion, marital status and trade union membership.

This policy applies to our relationships with our existing, future and potential employees, artists and audiences, suppliers, supporters and partners. Our commitment to the implementation of this policy is enforced by the Diversity and Inclusion Group, which meets at least three times a year and has an informing and supportive, as well as an advocacy role. The committee reports formally to Trustees once a year. All Trustees are required to comply with and encourage this policy and act at all times to remove witting and unwitting barriers to equality of opportunity.

Training and Development

The Charity is committed to the training, career development and promotion of all employees. Training programmes are provided to meet any ongoing needs, with the aim of developing employees for both their current and future roles.

Statement of compliance with s172(1) Companies Act 2006

The board of trustees consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the charitable company for the benefit of the company as a whole and in doing so have had regard to the following matters set out in s172(1)(a-f) in Companies Act 2006:

- *The likely consequences of any decision in the long term* - Our artistic programme is planned, alongside financial budgets, up to four years in advance. Our core financial objectives, alongside robust investment and reserves policies, keep our goal of maintaining financial independence in sight at all times and in support of the objective and ability to create world-class opera, now and in the future. A programme of risk management is in place to identify and respond to potential and

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actual risks to these goals. Further details of our financial and risk management policies are set out in the Financial Review on pages 9-16.

- *The interests of the company's employees* - Our staff are fundamental to the delivery of our plan. We are committed to ensuring every member of staff feels engaged and empowered in their role. The health, safety and well-being of our employees are primary considerations in the way we deliver our objectives. See page 8 for further information on how we deliver one of our key objectives, to create a stimulating and inspirational environment for all, and page 19 for further details of employee engagement.
- *The need to foster the company's business relationships with suppliers, customers and others* - Our fundraising policies and practices are robust and best practice, lending themselves to respectful and transparent engagement with our members and donors (see page 6). We aim to be an inclusive organisation that offers equality of opportunity to all; this policy extends to our relationships with our existing, future and potential employees, artists and audiences, suppliers, supporters and partners.
- *The impact of the company's operations on the community and the environment* – Our year-round Education programme is a major area of activity, creating opportunities for groups which may otherwise experience barriers to accessing opera (see pages 4-5). We are a significant employer in East Sussex, creating employment and business opportunities for many individuals, artists and local businesses. GPL's wind turbine enables us to be a net contributor of electricity supply to the National Grid in an environmentally sustainable way.
- *The desirability of the company maintaining a reputation for high standards of business conduct* – This is paramount for the success of the four cornerstones of our strategy. Our culture and values are lived through our organisational and business policies and how these are applied in day-to-day practice. The culture audit commissioned in 2019 (see page 8) is one example of how we continually strive to improve and enhance this.
- *The need to act fairly as between members of the company* – Registers of interests in other companies, charities and businesses are maintained for members of the Board and directors group, and are formally reviewed and updated on an annual basis. Where conflicts of interest arise, they are declared at the start of each Board meeting.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of Glyndebourne Productions Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. 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:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that:

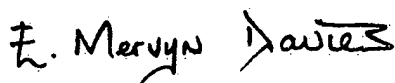
- so far as each Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that 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 charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditors and a resolution to re-appoint them will be proposed at the annual general meeting.

The Report of the Trustees, which includes the Strategic Report, was approved by the Board on 02 July 2020 and signed on their behalf by:



Lord Davies of Abersoch
Interim Chairman

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LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

The Trustees of the Charitable Company are also its Directors for the purpose of Company law. Throughout this report they are collectively referred to as Trustees.

Lord Davies of Abersoch CBE (interim Chair from May 2020)
Hamish Forsyth (Chair from November 2019, resigned May 2020)
John Botts CBE (Chair to November 2019)
Jolyon Barker
Louise Flind (resigned June 2019)
Alina Kessel
Franck Petitgas
Christopher Walter (appointed May 2020)

Gus Christie, Executive Chairman, attends Board meetings in the capacity of a non-voting advisory trustee.

Audit and Finance Committee

Jolyon Barker (Chair from November 2019)
Hamish Forsyth (Chair to November 2019, resigned May 2020)
John Botts CBE
Paul Collins*
Michael Lynch *
Christopher Walter

Nominations Committee

Lord Davies of Abersoch CBE
John Botts
Gus Christie

Remuneration Committee

Alina Kessel (Chair from November 2019)
Jolyon Barker
Christopher Walter

Development Committee

Franck Petitgas (Chair)
John Botts CBE

* Former Trustees of Glyndebourne Arts Trust, the connected Charity which was merged with Glyndebourne Productions Limited in December 2014.

Directors Group

Gus Christie – Executive Chairman
Sarah Hopwood – Managing Director
Stephen Langridge – Artistic Director (appointed April 2019)
Veronica Brooks – Director of Organisational Development (appointed June 2019)
George Bruell – Director of Communications (departed June 2019)
Richard Davidson-Houston – Director of Audience Development & Media (appointed November 2019)

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Eric Gautron – Technical Director
Andrew Higgins – Director of Development (departed December 2019)
Helen McCarthy – Director of Development (appointed January 2020)
Donna Marsh – Director of Customer Experience (appointed April 2019)
Steven Naylor – Director of Artistic Administration
Lisa Wong – Finance Director (appointed September 2019)

Registered Office and Principal Office

Glyndebourne
Lewes
East Sussex BN8 5UU

Company Secretary

Lisa Wong (appointed September 2019)
Abbey Gough (departed June 2019)

Professional Advisers

Statutory Auditors	Crowe U.K. LLP Chartered Accountants St Bride's House 10 Salisbury Square London EC4Y 8EH
Bankers	Lloyds TSB plc 25 Gresham Street London EC2V 7HN
Investment Managers	Capital Group 40 Grosvenor Place London SW1X 7GG Rothschild Wealth Management UK Ltd New Court St Swithin's Lane London EC4N 8AL
Solicitors	Covington & Burling LLP 265 Strand London WC2R

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INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Glyndebourne Productions Limited for the year ended 31 December 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, 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 the charitable company's affairs as at 31 December 2019 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 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.

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.

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INDEPENDENT AUDITOR'S REPORT

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 20-21, 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's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to

**GLYNDEBOURNE PRODUCTIONS LIMITED
(LIMITED BY GUARANTEE)**

INDEPENDENT AUDITOR'S REPORT

going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

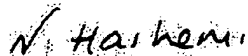
Auditor's responsibilities for the audit of the financial statements

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



Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 3 July 2020

GLYNDEBOURNE PRODUCTIONS LIMITED
(LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE STATEMENT)
FOR THE YEAR ENDED 31ST DECEMBER 2019

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £	2018 £
Income from:						
Donations, legacies and grants		3,536,451	5,364,666	-	8,901,117	9,329,244
Charitable Activities:-						
- Operation of Festival, Tour, Education and Media Development		21,595,896	-	-	21,595,896	20,525,273
Other trading activities						
- Commercial trading operations		1,200,659	-	-	1,200,659	1,202,023
Investment income		105,733	70,991	-	176,724	158,177
Total income before Theatre Tax Relief	4	26,438,739	5,435,657	-	31,874,396	31,214,717
Theatre Tax Relief	7	1,408,618	-	-	1,408,618	1,424,038
Total income		<u>27,847,357</u>	<u>5,435,657</u>	<u>-</u>	<u>33,283,014</u>	<u>32,638,755</u>
Expenditure on:						
Costs of raising funds:-						
- Fundraising costs		962,845	-	-	962,845	1,205,354
- Investment management fees		169,722	30,783	6,969	207,474	207,250
- Commercial trading operations		895,801	-	-	895,801	929,297
Charitable activities:-						
- Operation of Festival, Tour, Education and Media Development		25,078,661	5,553,168	-	30,631,829	28,993,969
Total expenditure	5	<u>27,107,029</u>	<u>5,583,951</u>	<u>6,969</u>	<u>32,697,949</u>	<u>31,335,870</u>
		740,328	(148,294)	(6,969)	585,065	1,302,885
Net gains on investments	10	<u>3,433,473</u>	<u>684,814</u>	<u>37,171</u>	<u>4,155,458</u>	<u>620,761</u>
Net income		<u>4,173,801</u>	<u>536,520</u>	<u>30,202</u>	<u>4,740,523</u>	<u>1,923,646</u>
Transfers between funds	16	<u>0</u>	<u>148,000</u>	<u>(148,000)</u>	<u>-</u>	<u>-</u>
Net income/(expenditure) after transfers		<u>4,173,801</u>	<u>684,520</u>	<u>(117,798)</u>	<u>4,740,523</u>	<u>1,923,646</u>
Other recognised gains and losses						
Actuarial gain on the defined benefit pension scheme	17	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>597,000</u>
Net movement in funds		<u>4,173,801</u>	<u>684,520</u>	<u>(117,798)</u>	<u>4,740,523</u>	<u>2,520,646</u>
Reconciliation of funds						
Fund balances at 1st January		<u>57,229,264</u>	<u>5,698,906</u>	<u>1,243,269</u>	<u>64,171,439</u>	<u>61,650,793</u>
Fund Balances at 31st December 2019		<u>61,403,065</u>	<u>6,383,426</u>	<u>1,125,471</u>	<u>68,911,962</u>	<u>64,171,439</u>

The detailed 2018 comparative statement of financial activities is reported in note 3.

The notes form part of these financial statements

**GLYNDEBOURNE PRODUCTIONS LIMITED
(LIMITED BY GUARANTEE)**

**BALANCE SHEETS
AS AT 31ST DECEMBER 2019**

COMPANY NUMBER 00358266

	Note	2019 Group £	2018 Group £	2019 Charity £	2018 Charity £
Fixed Assets:					
Tangible assets	9	32,297,630	32,200,899	32,296,199	32,199,109
Investments	10	35,665,830	31,872,201	35,665,930	31,872,301
Total Fixed Assets		67,963,460	64,073,100	67,962,129	64,071,410
Current Assets:					
Stocks	11	160,834	142,972	-	-
Debtors	12	3,431,161	3,171,220	2,335,066	2,228,229
Cash at bank and in hand		9,771,778	8,862,314	9,472,439	8,464,693
Total current assets		13,363,773	12,176,506	11,807,505	10,692,922
Liabilities:					
Creditors: Amounts falling due within one year	13	(12,069,266)	(11,688,392)	(11,927,086)	(11,598,254)
Net current assets/(liabilities)		1,294,507	488,114	(119,581)	(905,332)
Total assets less current liabilities		69,257,967	64,561,214	67,842,548	63,166,078
Creditors: Amounts falling due after more than one year	14	(346,005)	(389,775)	(346,005)	(389,775)
Net assets excluding pension scheme liability		68,911,962	64,171,439	67,496,543	62,776,303
Defined benefit pension scheme liability	17	-	-	-	-
Total net assets		68,911,962	64,171,439	67,496,543	62,776,303
Funds:					
Endowment funds	16	1,125,471	1,243,269	1,125,471	1,243,269
Restricted funds	16	6,383,426	5,698,906	6,383,426	5,698,906
Unrestricted funds	16	61,403,065	57,229,264	59,987,644	55,834,128
Total funds		68,911,962	64,171,439	67,496,543	62,776,303

The net income for the financial year for the parent charity was £3,025,772 (2018: £2,390,802)

The financial statements were approved on behalf of the Board of Directors on 02 July 2020.

L. Mervyn Davies

Lord Davies of Abersoch – Director

The notes form part of these financial statements

GLYNDEBOURNE PRODUCTIONS LIMITED
(LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2019

	2019	2018
	£	£
Net cash provided by operating activities	686,410	2,736,175
Taxation received	1,424,038	1,509,006
	2,110,448	4,245,181
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,539,636)	(5,805,504)
Proceeds from disposal of tangible assets	4,930	14,424
Purchase of fixed asset investments	0	(43,068,763)
Proceeds from disposal of fixed asset investments	156,658	40,670,056
Interest received	106,685	105,553
Dividends	70,039	52,624
Net cash used in investing activities	(1,201,324)	(8,031,610)
Net (decrease) in cash and cash equivalents	909,124	(3,786,429)
Cash and cash equivalents at the beginning of the year	8,862,316	12,648,745
Cash and cash equivalents at the end of the year	9,771,440	8,862,316
	0	
Reconciliation of net movement in funds to net cash flow from operation activities		
	2019	2018
	£	£
Net movement in funds for the reporting period (as per the Statement of Financial Activities)	4,740,523	1,923,646
Adjusted for:		
Theatre Tax Credits	(1,408,618)	(1,424,038)
Gains on investments	(4,155,458)	(620,761)
Interest received	(106,685)	(105,553)
Dividends received	(70,039)	(52,624)
Depreciation and amortisation charges	1,442,905	1,200,792
Investment fees charged to fund	204,831	151,451
Loss on disposal of fixed assets	(4,929)	78,569
Pension adjustment	0	298,000
Decrease/(Increase) in stock	(17,862)	20,638
Decrease/(Increase) in debtors	(275,361)	975,908
Increase in creditors	337,104	290,147
Net cash provided by operating activities	686,410	2,736,175
Cash and cash equivalents consists of:		
Cash at bank and in hand	9,771,778	8,862,314
Cash held by stockbrokers	(338)	2
	9,771,440	8,862,316

The notes form part of these financial statements

**GLYNDEBOURNE PRODUCTIONS LIMITED
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

1 CHARITY INFORMATION

Glyndebourne Productions Limited is a company limited by Guarantee (registered number 00358266), which is a public benefit entity and registered as a Charity in England and Wales (charity number 243877) and domiciled in the UK. The address of the registered office is Glyndebourne, Lewes, East Sussex, BN8 5UU.

2 ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are summarised below.

a. Basis of accounting

The financial statements have been prepared in accordance with the Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Glyndebourne Productions Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note. The principal accounting policies, as set out below, have all been applied consistently throughout the year and the preceding year.

b. Critical accounting judgements and key sources of estimation uncertainty

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

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

In the view of the Trustees the most significant accounting judgements and key sources of estimation uncertainty that affect items in the financial statements are those pertaining to the defined benefit pension scheme. The Trustees seek the input and advice of qualified professionals as to the appropriate actuarial assumptions to be used in calculating the pension cost and review these on an ongoing basis. The only other significant estimations are those linked to the allocation of support costs. Allocations of this nature inherently require estimation. Note 5 provides more information on the allocation methodology.

The impact of the COVID-19 pandemic on financial estimates is disclosed in note 21 (non-adjusting post balance sheet events).

c. Group financial statements

The financial statements consolidate the results of the Charity and its wholly owned subsidiary, Glyndebourne Enterprises Limited, on a line by line basis. A separate Statement of Financial Activities for the Charity itself is not presented as permitted by the exemption under section 408 of the Companies Act 2006. The Charity has also taken advantage of the exemptions under FRS 102 from the requirements to present a Charity only cash flow statement and certain disclosures about the Charity's financial instruments.

GLYNDEBOURNE PRODUCTIONS LIMITED
(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

d. Preparation of the accounts on a going concern basis

The Board of Trustees has reviewed the financial position of the Group and the Charitable Company and believes there are sufficient resources to manage any operational or financial risks. Having revisited financial budgets for 2020-2022 with far more prudent assumptions reflecting the impact of the COVID-19 pandemic on the business, the Trustees have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore the Board continues to adopt the going concern basis in preparing the annual financial statements.

e. Incoming resources

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income is deferred to future accounting periods where the conditions for recognising the income have not been met. Deferred income includes box office receipts and membership subscriptions in respect of the following year's Festival.

Box office income consists of ticket sales and is recognised on the night of the performance.

Income from fundraising, donations and grants, including capital grants, is included in incoming resources when the charity has entitlement to the funds, any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. Where the donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met. Similarly, where donors specify that the funds must be used in future accounting periods, the income is deferred until those periods.

For legacies, entitlement is the earlier of the estate accounts being approved or cash received.

Media development income is recognised when receivable and co-production income is recognised in the year the production is staged.

f. Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

GLYNDEBOURNE PRODUCTIONS LIMITED
(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

g. Fund accounting

The charity maintains various funds in accordance with the Charities SORP (FRS 102). These funds, which require separate disclosure, are as follows:-

Unrestricted Funds - These are the general funds of the charity and are expendable at the discretion of the Trustees in the furtherance of the charitable objectives. The main sources of general funds are from ticket sales, unrestricted fundraising, sundry sales and income from the investment of general funds. The main applications of general funds are the production of opera for the Festival and Tour and the overhead costs associated with these.

Designated Funds - These are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects.

Restricted Funds - These are funds which are subject to specific objects declared by the donor or which are raised by appeal for a specific purpose. These funds are expendable by the Trustees in furtherance of the specific object for which they were given unless the donor later agrees that they can be applied for a general purpose. Due to the nature of these funds they are accounted for separately from the general funds of the charity.

Endowment Funds - These are funds to be held permanently, or for a pre-agreed period of time, although their constituent assets may change from time to time, and they are also subject to specific restrictions imposed by the donor on their use.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

h. Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Certain expenditure is directly attributable to specific activities and has been included in those cost categories. The main categories of expenditure comprise:

- Charitable activities – direct costs of the Festival, Tour, Education and Media Development.
- Costs of raising funds – salaries and other direct costs relating to the fundraising and membership department, investment management fees and the costs of the trading subsidiary, Glyndebourne Enterprises Limited.

Support costs are allocated to the above categories based on the proportion of staff involved in each activity and the space used and irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Production costs are written off in the year in which they are incurred except where they relate to productions to be performed in future years. These are deferred to the extent that the Trustees consider they are recoverable in subsequent accounting years.

**GLYNDEBOURNE PRODUCTIONS LIMITED
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

i. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment. The liability and expense for termination benefits is recognised at the point when the offer of those benefits can no longer be withdrawn.

j. Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. The resulting exchange gains and losses are taken to the Statement of Financial Activities.

k. Theatre Tax Relief

Glyndebourne Productions Limited and Glyndebourne Enterprises Limited have entered legal agreements in respect of each production to be performed from 2015 whereby Glyndebourne Productions Limited commissions Glyndebourne Enterprises Limited to produce the operas and Glyndebourne Enterprises Limited in turn has contracted Glyndebourne Productions Limited to provide appropriate resources and skills to enter into the relevant third party contracts.

The income and expenditure resulting from these contracts will be recognised on the first night of each production. All costs relating to operas to be performed in future accounting periods have been included within prepayments.

Theatre Tax Relief is recognised at the amount expected to be recovered based on qualifying expenditure incurred and the rates of relief that have been enacted at the balance sheet date.

l. Tangible Fixed Assets

Individual fixed assets costing £1,000 or more are capitalised. Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than paintings, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful economic life, as follows:

Freehold property	2% per annum
Opera House complex, comprising:	
– Leasehold buildings	over the period of the original lease to 2050
– Wind Turbine	10% per annum
– Plant, machinery, fixtures and fittings	between 5% and 20% per annum
Plant and Equipment	20% per annum

Paintings are not depreciated but held at historic cost and assessed for impairment annually.

Assets under the course of construction are not depreciated until they become available for productive use.

m. Stock

Stock is included at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis.

**GLYNDEBOURNE PRODUCTIONS LIMITED
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

n. Financial Instruments

Glyndebourne Productions Limited has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost. Financial assets held at amortised cost comprise cash and bank in hand, trade debtors and other debtors. Financial liabilities held at amortised cost comprise trade creditors, other creditors and accruals.

Investments are held at fair value at the balance sheet date, with gains and losses being recognised within income and expenditure. Investments in subsidiaries are held at cost less impairment.

o. Contribution to pension fund

The charitable company and its subsidiary participate in the Christie Pension & Life Assurance Scheme. This scheme provides pensions on a defined benefit basis to members who joined the scheme prior to 1st January 2001 and on a defined contribution basis to members joining from that date to 31st January 2014, from when a defined contribution stakeholder scheme was introduced, open to all employees. Since 1st February 2014 the Company has participated in a Mastertrust scheme with the People's Pension in accordance with meeting auto enrolment responsibilities.

Contributions to the defined benefit section are charged to the Statement of Financial Activities so as to spread the cost of pensions over the employees working lives within the company based on actuarial valuations and assumptions in compliance with section 28 of FRS 102. Contributions to the defined contribution section of the Christie Pension & Life Assurance Scheme, the stakeholder scheme and the People's Pension are charged to the Statement of Financial Activities as they become payable. The assets of the Christie Pension & Life Assurance Scheme are held separately from those of the charitable company and its subsidiary.

The actuarial loss on the defined benefit section for the year to 31st December 2019 is disclosed under other recognised gains and losses in the Statement of Financial Activities. The current service costs and financial charge are included within the costs of operation of Festival, Tour and Education. These movements are analysed in detail in note 17.

The pension surplus/liability forms part of the unrestricted funds.

p. Operating leases

Rentals under operating leases are charged on a straight-line basis over the term of the lease.

GLYNDEBOURNE PRODUCTIONS LIMITED
(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

3 DETAILED COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2018 £
Income from:				
Donations, legacies and grants	3,603,851	5,725,393	-	9,329,244
Charitable activities:				
- Operation of Festival, Tour, Education and Media Development	20,525,273	-	-	20,525,273
Other trading activities:				
- Commercial trading operations	1,202,023	-	-	1,202,023
Investment income	111,082	47,095	-	158,177
Total income before theatre tax relief	25,442,229	5,772,488	-	31,214,717
Theatre Tax Relief	1,424,038	-	-	1,424,038
Total income	26,866,267	5,772,488	-	32,638,755
Expenditure on:				
Costs of raising funds:				
- Fundraising costs	1,205,354	-	-	1,205,354
- Investment management fees	183,151	16,398	7,701	207,250
- Commercial trading operations	929,297	-	-	929,297
Charitable activities:				
- Operation of Festival, Tour, Education and Media Development	23,670,927	5,323,042	-	28,993,969
Total expenditure	25,988,729	5,339,440	7,701	31,335,870
	877,538	433,048	(7,701)	1,302,885
Net gains on investments	442,005	128,352	50,404	620,761
Net income	1,319,543	561,400	42,702.77	1,923,646
Transfers between funds	1,989,676	(1,976,888)	(12,788)	-
Net income after transfers	3,309,219	(1,415,488)	29,915	1,923,646
Other recognised gains and losses				
Actuarial gain on the defined benefit pension scheme	597,000	-	-	597,000
Net movement in funds	3,906,219	(1,415,488)	29,915	2,520,646
Reconciliation of funds	53,323,045	7,114,394	1,213,354	61,650,793
Fund balances at 1st January				
FUND BALANCES AT 31ST DECEMBER 2018	57,229,264	5,698,906	1,243,269	64,171,439

GLYNDEBOURNE PRODUCTIONS LIMITED
(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

4 INCOME

	Unrestricted	Restricted	2019	2018
	Funds	Funds	Total	Total
	£	£	£	£
Income from donations, legacies and grants				
Legacies	410,813	507,500	918,313	663,542
Donations	549,435	3,228,106	3,777,541	4,587,287
Memberships	2,576,203	-	2,576,203	2,449,415
Arts Council England contribution	-	1,629,060	1,629,060	1,629,000
	<u>3,536,451</u>	<u>5,364,666</u>	<u>8,901,117</u>	<u>9,329,244</u>
Income from charitable activities				
Box Office income	17,516,909	-	17,516,909	16,755,880
Programme book	127,304	-	127,304	160,413
Catering concession	3,604,957	-	3,604,957	3,417,451
Media Development	158,278	-	158,278	133,090
Other Sundry Income	188,448	-	188,448	58,439
	<u>21,595,896</u>	<u>-</u>	<u>21,595,896</u>	<u>20,525,273</u>
Income from trading activities				
Wind Turbine	207,313	-	207,313	171,263
Production sale and hire	276,083	-	276,083	285,251
Merchandising	717,263	-	717,263	745,509
	<u>1,200,659</u>	<u>-</u>	<u>1,200,659</u>	<u>1,202,023</u>
Income from investments				
Interest income	105,733	952	106,685	105,553
Dividend income	-	70,039	70,039	52,624
	<u>105,733</u>	<u>70,991</u>	<u>176,724</u>	<u>158,177</u>
Total income	<u>26,438,739</u>	<u>5,435,657</u>	<u>31,874,396</u>	<u>31,214,717</u>

GLYNDEBOURNE PRODUCTIONS LIMITED
(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

5 EXPENDITURE

	2019	2018
	Total	Total
	£	£
Charitable activities		
Operation of Festival, Tour,		
Education and Media Development:-		
Artistic costs	9,735,200	9,541,434
Technical and production costs	7,736,088	7,035,374
Touring expenses	131,439	156,795
Programme books	70,284	80,442
Education costs	768,548	291,532
Depreciation and amortisation	1,442,546	1,200,344
(Profit)/Loss on disposal of fixed assets	(4,929)	78,569
VAT cultural exemption and annual adjustment	(275,320)	(401,820)
Marketing costs	576,786	612,288
Front of House	449,970	369,819
Transport and car park	234,603	217,077
Box office	586,941	511,522
Media Development	499,556	350,512
Catering	3,126,403	2,975,268
Support costs	5,553,713	5,974,813
	<u>30,631,829</u>	<u>28,993,969</u>
Cost of raising funds		
Fundraising costs:-		
Glyndebourne Festival	826,321	755,372
Glyndebourne on Tour	14,494	318,702
Support costs	122,030	131,280
	<u>962,845</u>	<u>1,205,354</u>
Investment management fees	<u>207,474</u>	<u>207,250</u>
Commercial trading operations:-		
Wind Turbine	38,368	46,335
Production sale and hire	108,914	94,028
Merchandising	741,621	772,328
General administration	6,898	16,606
	<u>895,801</u>	<u>929,297</u>
Total expenditure	<u>32,697,949</u>	<u>31,335,870</u>

GLYNDEBOURNE PRODUCTIONS LIMITED
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5 EXPENDITURE (Continued)

Allocation of Support Costs

	Charitable activities £	Cost of raising funds £	2019 Total £	2018 Total £
Administration salaries and related costs	2,643,398	58,082	2,701,480	3,085,130
Glyndebourne House and Gardens	395,304	8,686	403,990	444,567
Insurance	252,570	5,550	258,120	236,385
Building and services	1,257,616	27,633	1,285,249	1,353,945
Professional fees	240,729	5,289	246,018	108,783
Governance costs	42,169	927	43,096	48,330
Information technology	635,641	13,967	649,608	727,316
Other overheads	86,285	1,896	88,181	101,637
	<u>5,553,713</u>	<u>122,030</u>	<u>5,675,743</u>	<u>6,106,093</u>

The support costs are apportioned according to the proportion of staff generating funds and the percentage of square footage used for fundraising.

6 NET INCOME

Net income is stated after charging:

	2019 £	2018 £
Administration expenses including:		
Depreciation	1,442,905	1,200,792
Operating leases - land and buildings	4,203	23,667
Auditor's remuneration		
- audit fees	30,450	29,850
- tax compliance fees	9,400	10,364
- tax advice	<u>5,840</u>	<u>179</u>

7 TAXATION

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Theatre Tax credits arising from core expenditure on productions have been accounted for in line with the provisions of the Finance Act 2014. The amounts receivable are set out below.

	2019 £	2018 £
UK corporation tax credits receivable	<u>1,408,618</u>	<u>1,424,038</u>

**GLYNDEBOURNE PRODUCTIONS LIMITED
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8 STAFF COSTS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2019	2018
	£	£
Wages and salaries	10,386,502	9,620,259
Social security costs	827,723	791,941
Other pension costs	535,692	836,166
GMP Equalisation	-	177,000
	<u>11,749,917</u>	<u>11,425,366</u>

The average weekly number of persons employed by the group during the year was:

	2019	2018
Education	6	6
Fundraising	12	10
Marketing and Communications	14	15
Artistic Programme	74	59
Technical and Production	110	116
Front of House Services	64	65
Other Support Staff	50	44
Shop	10	10
	<u>338</u>	<u>325</u>

This figure includes part time staff rather than full time equivalent, and chorus and performers who are on the payroll, amounting to 54.97 in 2019 (2018: 46.92).

The number of employees receiving remuneration in excess of £60,000 p.a. was as follows:-

	2019	2018
£60,001 - £70,000	4	1
£80,001 - £90,000		1
£90,001 - £100,000	1	1
£100,001 - £110,000	1	1
£110,001 - £120,000	3	2
£140,001 - £150,000		1
£150,001 - £160,000		1
£160,001 - £170,000	1	

The pension costs in respect of these employees amounted to £64,471 (2018: £146,724).

The key management personnel of the company comprise the Executive Chairman, the Managing Director, the Artistic Director, the Director of Artistic Administration, the Technical Director, the Director of Communications (to June 2019), the Director of Development, the Director of Audience Development and Media (from November 2019), the Finance Director (from September 2019), the Director of Customer Experience (from April 2019), and the Director of Organisational Development (from June 2019). The total employee benefits of the key management personnel, including pension contributions and employer's National Insurance contributions, for the reporting period were £888,775 (2018: £1,058,126).

Redundancy and termination payments amounted to £14,650 (2018: £163k) during the year, with £nil (2018: £12k) outstanding as at the year end.

**GLYNDEBOURNE PRODUCTIONS LIMITED
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FOR THE YEAR ENDED 31ST DECEMBER 2019**

9 TANGIBLE FIXED ASSETS – GROUP

	Freehold Property £	Opera House Complex £	Plant and Equipment £	Assets in the course of construction £	Total £
COST					
At 1st January 2019	2,904,046	46,604,438	2,757,589	5,917,577	58,183,650
Additions	-	208,201	171,205	1,160,230	1,539,636
Disposals	-	-	-	-	-
Transfers	-	6,885,343	-	(6,885,343)	-
At 31st December 2019	<u>2,904,046</u>	<u>53,697,982</u>	<u>2,928,794</u>	<u>192,464</u>	<u>59,723,286</u>
DEPRECIATION					
At 1st January 2019	692,121	23,238,549	2,052,081	-	25,982,751
Disposals	-	-	-	-	-
Charge for the year	<u>57,653</u>	<u>1,143,135</u>	<u>242,117</u>	<u>-</u>	<u>1,442,905</u>
At 31st December 2019	<u>749,774</u>	<u>24,381,684</u>	<u>2,294,198</u>	<u>-</u>	<u>27,425,656</u>
NET BOOK VALUE					
At 31st December 2019	<u>2,154,272</u>	<u>29,316,298</u>	<u>634,596</u>	<u>192,464</u>	<u>32,297,630</u>
At 31st December 2018	<u>2,211,925</u>	<u>23,365,889</u>	<u>705,508</u>	<u>5,917,577</u>	<u>32,200,899</u>

TANGIBLE FIXED ASSETS – CHARITY

	Freehold Property £	Opera House Complex £	Plant and Equipment £	Assets in the course of construction £	Total £
COST					
At 1st January 2019	2,904,046	46,604,438	2,724,239	5,917,577	58,150,300
Additions	-	208,201	171,205	1,160,230	1,539,636
Disposals	-	-	-	-	-
Transfers	-	6,885,343	-	(6,885,343)	-
At 31st December 2019	<u>2,904,046</u>	<u>53,697,982</u>	<u>2,895,444</u>	<u>192,464</u>	<u>59,689,936</u>
DEPRECIATION					
At 1st January 2019	692,121	23,238,549	2,020,521	-	25,951,191
Disposals	-	-	-	-	-
Charge for the year	<u>57,653</u>	<u>1,143,135</u>	<u>241,758</u>	<u>-</u>	<u>1,442,546</u>
At 31st December 2019	<u>749,774</u>	<u>24,381,684</u>	<u>2,262,279</u>	<u>-</u>	<u>27,393,737</u>
NET BOOK VALUE					
At 31st December 2019	<u>2,154,272</u>	<u>29,316,298</u>	<u>633,165</u>	<u>192,464</u>	<u>32,296,199</u>
At 31st December 2018	<u>2,211,925</u>	<u>23,365,889</u>	<u>703,718</u>	<u>5,917,577</u>	<u>32,199,109</u>

The Charity has been granted a lease over the Opera House and surrounding land at a peppercorn rent expiring in 2075.

GLYNDEBOURNE PRODUCTIONS LIMITED
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10 INVESTMENTS

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Market value at start of year	31,872,199	29,004,182	31,872,299	29,004,282
Additions at cost	-	43,068,763	-	43,068,763
Proceeds from disposal	(156,658)	(40,670,056)	(156,658)	(40,670,056)
Investment manager fees charged to fund	(204,831)	(151,451)	(204,831)	(151,451)
	31,510,710	31,251,438	31,510,810	31,251,538
Gains on revaluation of investments	4,155,458	620,761	4,155,458	620,761
Market value at end of year	35,666,168	31,872,199	35,666,268	31,872,299
Cash held by stockbrokers	(338)	2	(338)	2
	35,665,830	31,872,201	35,665,930	31,872,301
Historical cost of investments	31,034,947	31,187,238	31,035,047	31,187,338
Investment in subsidiary	-	-	100	100
Quoted on recognised Stock Exchanges:				
	2019		2018	
	UK	Overseas	UK	Overseas
	Investments	Investments	Investments	Investments
	£	£	£	£
Debt Instruments	474,757	14,799,233	-	-
Equities	1,630,039	14,133,312	-	-
Alternative Markets	991,777	-	794,989	31,077,210
Cash				
	3,096,573	28,932,545	794,989	31,077,210
	35,665,830			31,872,199

The wholly owned trading subsidiary Glyndebourne Enterprises Limited (company reg no: 03937344) is registered within the UK at the same registered address as GPL and donates its profits to the Charity under gift aid. A summary of the trading results is shown below:-

	2019	2018
	£	£
Turnover	18,241,360	16,715,784
Cost of sales and administration expenses	(18,236,514)	(16,746,879)
Interest receivable	1,957	2,119
Donation to Glyndebourne Productions Limited	(1,395,136)	(1,862,219)
Theatre tax relief	1,408,618	1,424,038
Net retained profit	20,285	(467,157)
The assets and liabilities of the subsidiary were:		
Assets	2,152,316	2,008,180
Creditors: amounts falling due within the year	(578,730)	(454,879)
Creditors: amounts falling due after one year	1,573,586	1,553,301
	(158,065)	(158,065)
	1,415,521	1,395,236
Aggregate share capital and reserves	1,415,521	1,395,236

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11 STOCKS

	GROUP	
	2019	2018
	£	£
Goods for resale	<u>160,834</u>	<u>142,972</u>

12 DEBTORS

	GROUP		CHARITY	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	1,679,471	1,176,896	1,412,178	1,135,137
Allowance for doubtful debts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	1,679,471	1,176,896	1,412,178	1,135,137
Amounts owed by subsidiary undertaking	-	-	579,815	522,806
Theatre Tax Relief	1,408,618	1,424,038	-	-
Other debtors and prepayments	<u>343,072</u>	<u>570,286</u>	<u>343,072</u>	<u>570,286</u>
	<u>3,431,161</u>	<u>3,171,220</u>	<u>2,335,066</u>	<u>2,228,229</u>

Included in the above are the following amounts falling due after more than one year:-

	GROUP		CHARITY	
	2019	2018	2019	2018
	£	£	£	£
Amounts owed by subsidiary undertaking	<u>-</u>	<u>-</u>	<u>158,065</u>	<u>158,065</u>

Interest is charged on the unsecured loan to the trading subsidiary at 1% above bank base rate. There are no fixed terms for repayment of the loan which arose from the initial financing of the subsidiary's stock and fixed assets.

13 CREDITORS: Amounts falling due within one year

	GROUP		CHARITY	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	602,991	768,510	449,882	685,554
Tax and social security costs	262,365	235,486	258,494	231,761
VAT	516,338	361,997	531,138	361,997
Other creditors	165,308	284,053	165,308	280,596
Accruals	182,139	200,793	182,139	200,793
Deferred income	<u>10,340,125</u>	<u>9,837,553</u>	<u>10,340,125</u>	<u>9,837,553</u>
	<u>12,069,266</u>	<u>11,688,392</u>	<u>11,927,086</u>	<u>11,598,254</u>

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13 CREDITORS: Amounts falling due within one year (continued)

Deferred Income

	At 1st January 2019 £	Released to incoming resources £	Deferred in year £	From creditors due after one year £	At 31st December 2019 £
Glyndebourne Festival Society fees	1,919,614	(1,919,614)	2,229,465		2,229,465
Sponsorship of productions	846,218	(846,218)	635,980	-	635,980
Catering licensing agreement	43,770	(43,770)	-	43,770	43,770
Box office income in advance	6,465,585	(6,465,585)	7,158,703	-	7,158,703
Other donations	542,568	(542,568)	272,207	-	272,207
Advertising and other income	19,798	(19,798)	-	-	-
	<u>9,837,553</u>	<u>(9,837,553)</u>	<u>10,296,355</u>	<u>43,770</u>	<u>10,340,125</u>

14 CREDITORS: Amounts falling due after more than one year

	GROUP		CHARITY	
	2019 £	2018 £	2019 £	2018 £
Deferred income	<u>346,005</u>	<u>389,775</u>	<u>346,005</u>	<u>389,775</u>

	At 1st January 2019 £	Released to creditors due within one year £	Deferred in year £	At 31st December 2019 £
Catering licensing agreement	<u>389,775</u>	<u>(43,770)</u>	<u>-</u>	<u>346,005</u>

15 SHARE CAPITAL

The company is limited by guarantee, having no share capital, members having a liability not exceeding £1 each.

GLYNDEBOURNE PRODUCTIONS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
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16 STATEMENT OF FUNDS

	Notes	At 1st January 2019 £	Total incoming resources £	Total resources expended £	Transfers £	Realised and unrealised gains £	At 31st December 2019 £
Endowment Funds							
Permanent Endowment							
- Josephine Barlow Memorial Fund	(a)	50,000	-	-	-	-	50,000
Expendable Endowments							
- Dr G Theano	(b)	45,450	-	-	-	-	45,450
- Woods/Peters Fund	(c)	1,147,819	-	(6,969)	(148,000)	37,171	1,030,021
Total Endowment Funds		1,243,269	-	(6,969)	(148,000)	37,171	1,125,471
Restricted Funds							
Glyndebourne Festival Opera		-	1,859,412	(2,281,151)	421,738	-	-
Opera Cup		-	-	-	-	-	-
Glyndebourne Tour	(d)	16,235	1,813,252	(2,143,282)	313,794	-	-
Glyndebourne Education		-	58,900	(695,733)	636,833	-	-
Media Development		-	-	(225,318)	225,318	-	-
New Generation Programme	(e)	4,886,667	1,226,392	(30,783)	(1,326,248)	684,814	5,440,842
Isabel Leete Legacy Fund	(f)	426,067	-	-	(123,436)	-	302,631
Arthur Wise Legacy Fund	(g)	349,824	-	-	-	-	349,824
Backstage automation	(h)	-	457,500	(175,371)	-	-	282,129
Garden Fund	(i)	12,113	15,201	(27,314)	-	-	-
Donald Anderson Award	(j)	8,000	5,000	(5,000)	-	-	8,000
Total Restricted Funds		5,698,906	5,435,657	(5,583,951)	148,000	684,814	6,383,426
Unrestricted Funds							
Designated funds							
Capital investment reserve		5,911,178	-	-	1,408,618	-	7,319,796
Backstage automation		-	-	-	1,842,473	-	1,842,473
Production hub		960,000	-	(960,000)	-	-	-
Non Designated funds							
General reserve		50,358,086	27,847,357	(26,147,029)	(3,251,091)	3,433,473	52,240,796
Total Unrestricted Funds		57,229,264	27,847,357	(27,107,029)	0	3,433,473	61,403,065
Total Funds		64,171,439	33,283,014	(32,697,949)	-	4,155,458	68,911,962

Endowment Funds

(a) Josephine Barlow Memorial Fund

A legacy of £50,000 was received during 2012, the income on which is to be used in support of the Music Preparation Scheme and the Garden Fund. The capital is to be made available for general use after twenty years. The Fund is represented by a separate treasury deposit within the GPL bank account. During the year interest of £500 (2018: £325) was earned on the deposit account which was shared equally between the Music Preparation Scheme and the Garden Fund.

(b) Dr G Theano

An expendable endowment was received during 2017 which is to be used in support of the biennial Opera Cup. Under the drawdown rules of the endowment £5,000 is to be made available to fund the Award for Most Promising Talent. The Fund is represented by a separate treasury deposit within the GPL bank account. No amounts were drawdown to fund the Award during the year (2018: £5,000).

(c) Wood Peters fund

A legacy was received in 2001 in the sum of £1,000,000 with a further £18,516 received in February 2003. These funds have been separately invested in two portfolios managed by Rothschild and Capital Group in order to maximise income to be used to support Glyndebourne Tour, meeting the costs of understudies on the Tour. During the year £148,000 (2018: £50,000) was drawdown and made available to support Glyndebourne Tour.

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16 STATEMENT OF FUNDS (Continued)

Restricted Funds

Incoming resources in respect of the Festival, Tour, Education, Media Development and the New Generation Programme comprise net gains on investments held within restricted portfolios, sponsorship, grants and donations from third parties, given towards specific areas of activity undertaken during the year.

- (d) Incoming resources for Glyndebourne Tour include a grant from the Arts Council England of £1,629,000 (2018: £1,629,000) and £70,039 (2018: £41,762) earned directly from investment income.
- (e) The New Generation Programme is used to support a number of projects within GPL across the following five key strands of work: developing future audiences, securing artistic excellence, education and community outreach, developing our skills and investing in our facilities. A budget is set annually for each of these strands and the programmes within them, which is formally approved by the NGP Committee and forms the fundraising target for that year. At the end of each year the committee meets to review funds raised against actual costs incurred and confirm how much will be transferred to GPL to support each programme.
- (f) Where additional funding is required, the NGP is entitled to draw down on the Isabel Leete Legacy Fund, which is restricted for the support of Glyndebourne Education projects. During the year £123,436 (2018: £66,700) was transferred from the Isabel Leete Legacy Fund to NGP to support the Education and Community Outreach programme.
- (g) A legacy of £300k was received from Arthur Wise in 2016 with the request that these funds be used for the encouragement and support of young singers. An additional sum of £49,824 was received in respect of this legacy in 2018.
- (h) A restricted fund was established in 2019 for funds donated towards the backstage automation project. During the year, £457,500 of funds restricted for this project were received, of which £175,371 was spent.
- (i) The garden fund is used for donations given specifically for the maintenance and development of the gardens.
- (j) The Donald Anderson Award, established in 2011, was created to assist a young Glyndebourne Tour singer with his or her studies and to provide performance experience at home or abroad. It is financed by the Donald A Anderson Trust.

Unrestricted Funds

Designated funds at the year end comprise a capital investment reserve made up of Theatre Tax Relief (TTR) earned to date and a Production Hub Fund representing the Charity's underwriting of the remaining construction costs outstanding for the production hub.

Transfers

Net transfers during the year comprise transfers between NGP and the core strands of GPL amounting to £1,241,517 (2018: £903,956), reflecting use of the NGP restricted fund to support a number of projects within GPL including ticket subsidies for U30s, Performances for Schools, the Jerwood Chorus Development Scheme, composer-in-residence and the filming of new productions to take to a broader audience; a transfer of £148,000 (2018: £8,238) from the Wood/Peters Endowment Fund, which was used in support of the 2019 Glyndebourne Tour; a transfer of £123,436 (2018: £66,700) from the Leete Legacy to support Education projects. Within designated funds, the current year's theatre tax relief of £1,408,618 has been added to the capital investment reserve. The theatre tax relief amount of £1,424,038 received in 2019 and the Annual Fund donations received in 2019, amounting to £418,435, have been transferred into a new designated fund for the backstage automation project, reflecting the Trustees' commitment to underwrite and launch the fundraising campaign for this project.

Analysis of Group net assets between funds:

	Unrestricted £	Restricted £	Endowment £	Total £
Tangible fixed assets	32,297,630	-	-	32,297,630
Investments	29,492,455	5,143,354	1,030,021	35,665,830
Cash at bank	7,479,029	2,197,299	95,450	9,771,778
Other net current liabilities	(7,520,043)	(957,228)	-	(8,477,271)
Creditors due after one year	(346,005)	-	-	(346,005)
Net assets	61,403,065	6,383,426	1,125,471	68,911,962

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NOTES TO THE FINANCIAL STATEMENTS
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16 STATEMENT OF FUNDS (Continued)

PRIOR YEAR STATEMENT OF FUNDS

	Notes	At 1st January 2018 £	Total incoming resources £	Total resources expended £	Transfers £	Realised and unrealised gains £	At 31st December 2018 £
Endowment Funds							
Permanent Endowment							
- Josephine Barlow Memorial Fund	(a)	50,000	-	-	-	-	50,000
Expendable Endowments							
- Dr G Theono	(b)	50,000	-	-	4,550	-	45,450
- Woods/Peters Fund	(c)	1,113,354	-	(7,701)	(8,238)	50,404	1,147,819
Total Endowment Funds		1,213,354	-	(7,701)	(12,788)	50,404	1,243,269
Restricted Funds							
Glyndebourne Festival Opera		-	1,819,436	(2,200,467)	381,031	-	0
Opera Cup		-	-	(100,467)	100,467	-	-
Glyndebourne Tour	(d)	16,235	2,359,012	(2,478,993)	119,981	-	16,235
Glyndebourne Education		-	81,407	(280,528)	199,121	-	-
Media Development		-	-	(182,844)	182,844	-	-
New Generation Programme	(e)	4,690,878	987,791	(16,398)	(903,956)	128,352	4,886,667
Isabel Leete Legacy Fund	(f)	492,767	-	-	66,700	-	426,067
Arthur Wise Legacy Fund	(g)	300,000	49,824	-	-	-	349,824
Production hub	(h)	1,579,676	410,000	-	(1,989,676)	-	-
Garden Fund	(i)	26,838	60,018	(74,743)	-	-	12,113
Donald Anderson Award	(j)	8,000	5,000	(5,000)	-	-	8,000
Total Restricted Funds		7,114,394	5,772,488	(5,339,440)	(1,976,888)	128,352	5,698,906
Unrestricted Funds							
Designated funds							
Pension charge		2,600,000	-	-	2,600,000	-	-
NGP designated		4,487,140	-	-	4,487,140	-	-
Capital investment reserve		-	-	-	5,911,178	-	5,911,178
Production hub		4,275,000	-	-	3,315,000	-	960,000
Non Designated funds							
General reserve		41,960,905	26,866,267	(25,988,729)	6,480,638	1,039,005	50,358,086
Total Unrestricted Funds		53,323,045	26,866,267	(25,988,729)	1,989,676	1,039,005	57,229,264
Total Funds		61,650,793	32,638,755	(31,335,870)	-	1,217,761	64,171,439

Analysis of Group net assets between funds:

	Unrestricted £	Restricted £	Endowment £	Total £
Tangible fixed assets	32,200,899	-	-	32,200,899
Investments	26,235,059	4,489,323	1,147,819	31,872,201
Cash at bank	7,123,060	1,643,804	95,450	8,862,314
Other net current liabilities	(7,939,979)	(434,221)	-	(8,374,200)
Creditors due after one year	(389,775)	-	-	(389,775)
Pension scheme deficit	-	-	-	0
Net assets	57,229,264	5,698,906	1,243,269	64,171,439

GLYNDEBOURNE PRODUCTIONS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
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17 PENSION SCHEME

Glyndebourne Productions Limited is one of several employers participating in the Christie Pension and Life Assurance Scheme which comprises a defined benefit pension scheme closed to new entrants from 1st January 2001 and a defined contribution section for employees commencing employment after 1st January 2001 to 31st January 2014. The assets of this scheme are held in separate trustee-administered funds. On 31st January 2014 a defined contribution stakeholder scheme was introduced, open to all employees. Since 1st February 2014 the Company has participated in a Mastertrust scheme with the People's Pension in accordance with meeting auto enrolment responsibilities.

With effect from 5th December 2008, the Christie Pension and Life Assurance Scheme was sectionalised, thus restricting the Charity's liability to that only in respect of Glyndebourne group employees, past and present.

The FRS102 assessment of the scheme as at 31st December 2019 showed the market value of the Charity's share of the scheme's assets at £22,870,000 (2018: £20,230,000), representing 113% (2018: 112%) of its liabilities. Following the last scheme funding report as at 5th December 2017 the employer contribution rate in respect of future service was reduced from 43.8% to 34.8% given the current surplus in the Scheme. The surplus has not been recognised in accordance with the principles of FRS102. Total employer contributions to the scheme during the year amounted to £160,000 (2018: £343,000) with the monthly contribution in respect of the past service liability of £58,100 having ceased from September 2017 in accordance with the Scheme Funding Plan. The present value of the defined benefit obligation, the related current service cost and past service cost, were measured using the projected unit credit method. A provisional cost for GMP equalisation has been calculated as 1% of the value of the 2018 liability; there has been no change to this in 2019.

(a) Defined benefit scheme

The main assumptions used for the purposes of FRS102 are:

	2019	2018	2017
Discount rate	1.95%	2.85%	2.45%
Inflation assumptions (RPI)	3.10%	3.20%	3.20%
Inflation assumptions (CPI)	2.10%	2.20%	2.20%
Salary – increases	4.10%	4.20%	4.20%
Pension increases in deferment	2.10%	2.20%	2.20%
Increases to pensions in payment (where CPI max 5%)	2.10%	2.25%	2.25%
Increases to pensions in payment (where CPI max 2.5%)	1.70%	1.80%	1.80%
Mortality:			
The average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date is as follows:			
Male	87	87	88
Female	89	89	90
The average life expectancy in years of a pensioner retiring at age 65, twenty years after the balance sheet date is as follows:			
Male	88	89	90
Female	90	91	92

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17 PENSION SCHEME (Continued)

The fair value of the plans assets were:

	At 31st December 2019 £	At 31st December 2018 £
Equities	12,281,190	11,708,186
Debt	7,226,920	6,620,233
Alternatives	686,100	551,335
Cash	2,675,790	1,350,246
Total Market Value of Assets	<u>22,870,000</u>	<u>20,230,000</u>

The pension scheme has not invested in any of Glyndebourne Productions Limited's own financial instruments, nor in properties or other assets owned by Glyndebourne Productions Limited. The assets are all quoted in an active market with the exception of the insured pensions.

Net defined benefit asset/(liability)

	2019 £	2018 £
Fair value of scheme assets	22,870,000	20,230,000
Present value of defined benefit obligation	(20,257,000)	(18,137,000)
Asset not recognised	<u>(2,613,000)</u>	<u>(2,093,000)</u>

Defined benefit asset/(liability) recognised in balance sheet

<u>-</u>	<u>-</u>
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Total expense recognised in income and expenditure

	2019 £	2018 £
Current service cost	225,000	250,000
Administration costs	56,000	104,000
Past service costs including curtailments	-	177,000
Net interest on the net defined benefit liability	<u>(62,000)</u>	<u>6,000</u>

Total income and expenditure charge

<u>219,000</u>	<u>537,000</u>
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Total amount taken to other comprehensive income

	2019 £	2018 £
Actual return on scheme assets – gains and (losses)	2,924,000	146,000
Less: amounts included in net interest on the net defined benefit asset/(liability)	<u>(573,000)</u>	<u>(494,000)</u>
Remeasurement gains and (losses)		
- Return on scheme assets excluding interest income	2,351,000	(348,000)
- Actuarial (losses) and gains	(1,772,000)	3,038,000
Asset not recognised	<u>(2,613,000)</u>	<u>(2,093,000)</u>

Remeasurement gain/(loss)

recognised in other comprehensive income

<u>(2,034,000)</u>	<u>597,000</u>
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FOR THE YEAR ENDED 31ST DECEMBER 2019**

17 PENSION SCHEME (Continued)

Changes in the present value of the defined benefit obligation

	2019 £	2018 £
Present value of defined benefit obligation at beginning of year	18,137,000	20,547,000
Benefits paid	(497,000)	(455,000)
Current service cost	225,000	250,000
Administration costs	56,000	104,000
Interest cost	511,000	500,000
Remeasurement (gains) and losses		
- actuarial (gains) and losses	1,772,000	(3,038,000)
Employee contributions	53,000	52,000
Past service costs including curtailments	-	177,000
Present value of defined benefit obligation at end of year	<u>20,257,000</u>	<u>18,137,000</u>

Changes in the fair value of scheme assets

	2019 £	2018 £
Fair view of Scheme assets at beginning of the year	20,230,000	20,248,000
Interest income	573,000	494,000
Remeasurement gains and (losses)		
- Return on scheme assets excluding interest income	2,351,000	(348,000)
Contribution by employer	160,000	343,000
Employee contributions	53,000	52,000
Benefits paid including expenses	(497,000)	(559,000)
Fair value of the Scheme assets at end of the year	<u>22,870,000</u>	<u>20,230,000</u>

(b) Defined contribution scheme

The amount recognised as an expense for the defined contribution scheme was

	2019 £	2018 £
Current period contributions	<u>316,692</u>	<u>299,166</u>

18 RELATED PARTY TRANSACTIONS

The Trustees are satisfied that all of the following related party transactions are allowed under the constitution of the charity.

(a) Glyndebourne Opera House

The Charity occupies the Glyndebourne Opera House under a lease signed in 1992 from the Trustees of the Glyndebourne 1990 Temporary Charitable Trust, a private trust whose beneficiaries are the Christie family (excluding Lady Christie) and the Charity. The lease provides for a peppercorn rent and will expire in 2075.

(b) Glyndebourne Cottages

Under a lease from the Trustees of the Glyndebourne 1991 AJC Life Interest Trust, a private trust whose life tenant is Gus Christie, the Charity occupies the building formerly known as 1 & 2 New Cottages located on the Glyndebourne site for operational purposes and for which a rent of £11,880 (2018: £14,416) has been paid.

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18 RELATED PARTY TRANSACTIONS (Continued)

(c) Glyndebourne Mansion House and Gardens

The Mansion House at Glyndebourne is the residence of Gus Christie and his family who make certain areas of the house available for use by staff and artists engaged by the Charity and for the entertainment of donors. The Charity meets the costs incurred by the Christie family in making the Mansion House available for these purposes in accordance with an agreement approved by the Charity Commission. Under the terms of the agreement the Charity made contributions of £123,987 (2018: £114,587) during the year.

Furthermore, the Charity is responsible for the maintenance and upkeep of the gardens at Glyndebourne. In addition to the gardeners' employment costs borne by the Charity, cottages were provided on the Estate for which the Charity paid a market rent amounting to £22,773 in 2018 (nil in 2019), all of which was payable to the AJC 1991 Life Interest Trust of which Gus Christie is the life tenant. Gus Christie bore costs amounting to £5,194 (2018: £5,096) in respect of the running of the gardens.

(d) Payments to/from trustees and connected parties

None of the trustees received any remuneration, or claimed any expenses, in connection with their role as a trustee of GPL. However a number of payments were made in exchange for professional services to organisations of which certain Trustees are connected as set out below. The Charity have assessed the potential conflicts and taken the appropriate steps to record and manage these.

The Glyndebourne Box comprising 10 seats with a total value of between £1,650 and £2,240 depending on the price band of performance, was made available to the Trustees for business entertaining in support of the development objectives of GPL. They were not required to pay for these seats. The Box was used by Trustees on five occasions during the course of 2019.

Lady Mary Christie incurred expenses amounting to £3,863 (2018: £8,583) in respect of work undertaken on behalf of the Charity for which she was reimbursed in full. These expenses largely related to business entertaining, for which seats were made available at no cost to Lady Christie.

Gus Christie, Executive Chairman and a non-voting advisory trustee, received total remuneration, including pension contributions, of £111,483 (2018: £149,264) during the year under the terms of his contract of employment with Glyndebourne. Gus Christie's wife, Danielle de Niese, received fees and royalties during the year in connection with performances at Glyndebourne amounting to £49,868 (2018: £667).

Over the course of the Festival 4% of total tickets available with a value of £672k remained unsold. Seats were made available during the year to Gus Christie and other members of the executive management team, which were predominantly used for GPL business entertaining purposes. The number of seats used across the 77 performances for executive management team use and associated value amounted to 947 and £197k respectively. Given these were primarily used for business entertaining purposes, it is not considered that this was to the financial detriment of the Charity.

(e) Christie Management Limited

During 2018 the charity paid £1,360 to Christie Management Limited, £1,329 in respect of an overpayment to HMRC and £31 in respect of reimbursement of expenses incurred on the Charity's behalf. Christie Management Limited is controlled by the Christie family. No amounts were paid by the charity to Christie Management Limited in 2019.

(f) Grey Advertising Agency

The Charity commissioned Grey Advertising Ltd to work on content and design for brand guidelines and the retail packaging design in 2018, following a review of the Charity's communications material and a brand workshop held in November 2017. The total cost for this work in 2018 amounted to £61,698 all of which was paid in 2018. Alina Kessel is employed by WPP, the parent company of Grey Advertising Ltd. No services were provided by Grey Advertising Ltd to the Charity in 2019.

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18 RELATED PARTY TRANSACTIONS (Continued)

(g) Opera Europa

During the year the charity paid £2,417 to Opera Europa by way of Annual Membership (2018: £2,417). Andrew Higgins (Director of Development to December 2019) continued to chair the Fundraising and Friends Forum of Opera Europa throughout 2019.

(h) Letter One

Letter One, of which Lord Davies is the Chairman, provided £30k in production sponsorship during 2018 (2019: £nil).

(i) Capital Group

Since 2018, the majority of the investment portfolio has been managed by Capital Group, of which Hamish Forsyth is Capital Group's President for Europe. A thorough and due process was undertaken to recognise the potential conflict of interest and to record the steps taken to ensure that all decisions have been, and continue to be made in the best interest of the charity and that there is no direct benefit to the Trustee. Investment manager fees of £204,831 were paid to Capital Group during the year (2018: £151,451).

(j) Transactions with GEL

The Charity has one active wholly owned subsidiary, GEL, which is responsible for income generating activities which are incidental to GPL's charitable purposes. These comprise merchandising, the sale and hire of Glyndebourne productions to other international opera houses, the operation of Glyndebourne's wind turbine and producing all of the Festival, Tour and Education productions each year on behalf of GPL. During the year Gus Christie, John Botts CBE, Lord Davies of Abersoch who are key management personnel for the Charity, were directors of the company. GEL gifted £1,395,136 (2018: £1,862,219) to the Charity during 2019 (see also note 10). At the year end the company owed GPL £594,479 (2018: £522,806).

19 FINANCIAL COMMITMENTS

Capital commitments are as follows:

	GROUP		CHARITY	
	2019	2018	2019	2018
	£	£	£	£
Expenditure contracted but not provided for in the financial statements	436,332	1,001,754	436,332	1,001,754

Total future minimum lease payments under non-cancellable operating leases are as follows:

	GROUP		CHARITY	
	2019	2018	2019	2018
	£	£	£	£
Due within one year	3,800	4,203	3,800	4,203
Due after one year	16,449	-	16,449	-

20 FINANCIAL INSTRUMENTS

At the balance sheet date the consolidated group held financial assets at amortised cost comprising cash and short term deposits, trade debtors, other debtors and accrued income of £11,451,249 (2018: £10,041,927) and financial liabilities at amortised cost, comprising trade creditors, other creditors and accruals of £950,441 (2018: £1,253,356).

Total income received in respect of financial assets held at amortised cost totalled £106,684 (2018: £105,553).

The group held assets at fair value through income and expenditure of £35,665,832 (2018: £31,872,200). Movements in the year through the statement of financial activities comprised gains of £4,155,458 (2018: £620,761) and income from investment portfolio of £70,039 (2018: £52,624).

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21 NON-ADJUSTING POST BALANCE SHEET EVENTS

In March 2020, the World Health Organisation declared COVID-19 a pandemic. The government restrictions imposed to control the spread of COVID-19 have impacted on the work of the Charity. The estimated impact on financial figures as reported in these financial statements includes the following:

A change in the value of investments from £35.7m as at 31 December 2019 to £38.0m as at 30 June 2020 (the most recent valuation available as at the date of approval of these financial statements)

Refunding an estimated £10m of ticket sales recorded as deferred income as at 31 December 2019, as a consequence of cancelling the 2020 Festival.

Whilst the pension scheme was in a net surplus funding position of £2.6m (not recognised in accordance with the principles of FRS 102 regarding the recoverability of the surplus) as at 31 December 2019, the subsequent turbulence in financial markets in response to the economic uncertainties caused by COVID-19 indicates that the pension scheme position may reduce to a net liability. This position will be revisited in conjunction with the next triennial valuation as at 5 December 2020.